SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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CORNING INC /NY

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: (Date of earliest event reported) December 31, 1996

CORNING INCORPORATED
(Exact name of registrant as specified in its charter)

New York	1-3247	16-0393470
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Riverfront Plaza, Corning, New York	14831
(Address of principal executive offices)	(Zip Code)

(607) 974-9000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Item 2 Acquisition or Disposition of Assets

On December 31, 1996, Corning Incorporated distributed to holders of common stock of Corning all the outstanding common stock of Quest Diagnostics Incorporated (formerly Corning Clinical Laboratories Inc.) and Covance Inc. (formerly Corning Pharmaceutical Services Inc.) (the Distributions). Quest Diagnostics and Covance were wholly-owned subsidiaries of Corning which, at the time of the Distributions, comprised the Health Care Services segment of Corning.

Item 7 Financial Statements, Pro Forma Financial Information and Exhibits

(a) (b) The following restated historical financial statements and pro forma financial information are being filed herewith.

(1) Restated historical consolidated Statement of Income for the years ended January 2, 1994 and January 1, 1995.

(2) Restated historical and pro forma consolidated Statement of Income for the year ended December 31, 1995.

(3) Pro forma consolidated Statement of Income for the nine months ended September 30, 1996.

(4) Pro forma consolidated Balance Sheet as of September 30, 1996.

(c) Exhibits

10.1 Transaction Agreement, dated as of November 22, 1996, between Corning Incorporated, Corning Life Sciences Inc., Corning Clinical Laboratories Inc., Corning Pharmaceutical Services Inc., and Corning Clinical Laboratories Inc. (MI).

10.2 Tax Sharing Agreement, dated as of

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December 16, 1996, between Corning Incorporated, Corning Clinical Laboratories Inc. and Covance Inc.

10.3 Spin-off Tax Indemnification Agreement, dated as of December 16, 1996, between Corning Incorporated and Corning Clinical Laboratories Inc.

10.4 Spin-off Tax Indemnification Agreement, dated as of December 16, 1996, between Corning Incorporated and Covance Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORNING INCORPORATED
Registrant

Date: January 13, 1997   By /s/ KATHERINE A. ASBECK
Katherine A. Asbeck
Chief Accounting Officer

CORNING INCORPORATED

RESTATED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(Unaudited)

In May 1996, Corning's Board of Directors approved a plan to distribute to its shareholders on a pro rata basis all of the shares of Quest Diagnostics Incorporated (formerly Corning Clinical Laboratories Inc.) and Covance Inc. (formerly Corning Pharmaceutical Services Inc.) (the Distributions). On December 31, 1996, Corning distributed to its holders of common stock all the outstanding common stock of Quest Diagnostics and Covance.

The restated historical Statements of Income for the years ended January 2, 1994, January 1, 1995 and December 31, 1995 have been derived from the audited financial statements of Corning and have been restated to reflect Quest Diagnostics and Covance, which comprised Corning's Health Care Services segment, as discontinued operations.

The unaudited Pro Forma Consolidated Statement of Income for the year ended December 31, 1995 and the nine months ended September 30, 1996 present the consolidated results of operations of Corning assuming that the Distributions had been completed as of January 2, 1995. The unaudited Pro Forma Consolidated Balance Sheet as of September 30, 1996 presents the consolidated financial position of Corning assuming that the Distributions had occurred at that date. In the opinion of management, the pro forma financial statements include all material adjustments necessary to restate Corning's historical results. The adjustments required to reflect such assumptions are described in the Notes to the Pro Forma Consolidated Financial Information (Unaudited).

The unaudited Pro Forma Consolidated Financial Information of Corning should be read in conjunction with the historical financial statements of Corning included in its 1995 annual report to shareholders. The pro forma information is presented for informational purposes only and may not necessarily reflect future results of operations or financial position or what the results of operations or financial position would have been for Corning had the Distributions occurred as assumed herein.

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Corning Incorporated and Subsidiary Companies
Restated Historical Consolidated Statement of Income
(In millions, except per-share amounts)

<TABLE>
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	Year Ended January 2, 1994		
	Historical	Discontinued Operations Adjustments(a)	Restated Historical
<S>	<C>	<C>	<C>
Revenues:			
Net sales	$ 4,004.8	$(1,319.5)	$ 2,685.3
Royalty, interest, and dividend income	29.9	(1.7)	28.2
	4,034.7	(1,321.2)	2,713.5
Deductions:			
Cost of sales	2,597.0	(812.2)	1,784.8
Selling, general and administrative expenses	774.0	(293.7)	480.3
Research and development expenses	173.1	(0.4)	172.7
Provision for restructuring	207.0	(95.0)	112.0
Interest expense	88.2	(30.7)	57.5
Other, net	38.7	(6.8)	31.9
Income from continuing operations before taxes on income	156.7	(82.4)	74.3
Taxes on income from continuing operations	35.3	(40.5)	(5.2)
Income from continuing operations before minority interest and equity earnings	121.4	(41.9)	79.5
Minority interest in earnings of subsidiaries	(16.6)	1.5	(15.1)
Equity in earnings (losses) of associated companies:			
Other than Dow Corning Corporation	24.5	0.5	25.0
Dow Corning Corporation	(144.5)		(144.5)
Income (loss) from continuing operations	(15.2)	(39.9)	(55.1)
Income from discontinued operations		39.9	39.9
Net Income (Loss)	$ (15.2)	$	$ (15.2)
Per Common Share Data:			
Income (loss) from continuing operations	$ (0.09)	$ (0.21)	$ (0.30)
Income from discontinued operations		0.21	0.21
Net Income (Loss)	$ (0.09)	$	$ (0.09)
Weighted Average Shares Outstanding			192.0

</TABLE>

(a) Includes all adjustments necessary to reflect the operations of Corning's Health Care Services segment as a discontinued operation.

Corning Incorporated and Subsidiary Companies
Restated Historical Consolidated Statement of Income
(In millions, except per-share amounts)

<TABLE>
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	Year Ended January 1, 1995		
	Historical	Discontinued Operations Adjustments(a)	Restated Historical
<S>	<C>	<C>	<C>
Revenues:			
Net sales	$4,770.5	$(1,687.1)	$3,083.4
Royalty, interest, and dividend income	28.7	(2.2)	26.5
	4,799.2	(1,689.3)	3,109.9
Deductions:			
Cost of sales	3,060.9	(1,110.9)	1,950.0
Selling, general and administrative expenses	871.7	(335.9)	535.8
Research and development expenses	176.9	(0.3)	176.6
Provision for restructuring	82.3	(82.3)	
Interest expense	110.4	(44.8)	65.6
Other, net	37.5	0.6	38.1
Income from continuing operations before taxes on income	459.5	(115.7)	343.8
Taxes on income from continuing operations	170.1	(57.5)	112.6
Income from continuing operations before minority interest and equity earnings	289.4	(58.2)	231.2
Minority interest in earnings of subsidiaries	(50.7)	2.1	(48.6)
Dividends on convertible preferred securities of subsidiary	(6.1)		(6.1)
Equity in earnings (losses) of associated companies:			
Other than Dow Corning Corporation	51.5	(2.9)	48.6
Dow Corning Corporation	(2.8)		(2.8)
Income from continuing operations	$ 281.3	$ (59.0)	$ 222.3
Income from discontinued operations		59.0	59.0
Net Income (Loss)	$ 281.3	$	$ 281.3
Per Common Share Data:			
Income from continuing operations	$ 1.32	$ (0.28)	$ 1.04
Income from discontinued operations		0.28	0.28
Net Income	$ 1.32	$	$ 1.32
Weighted Average Shares Outstanding			211.8

</TABLE>

(a) Includes all adjustments necessary to reflect the operations of Corning's Health Care Services segment as a discontinued operation.

Corning Incorporated and Subsidiary Companies
Restated Historical and Pro Forma Consolidated Statement of Income (unaudited)
(In millions, except per-share amounts)

<TABLE>
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	Year Ended December 31, 1995				
	Historical	Discontinued Operations Adjustments(a)	Restated Historical	Pro Forma Adjustments(b)	Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Net sales	$5,313.1	$(2,056.0)	$3,257.1		$3,257.1

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Royalty, interest, and dividend income	33.0	(2.4)	30.6		30.6
	5,346.1	(2,058.4)	3,287.7		3,287.7
Deductions:					
Cost of sales	3,386.0	(1,353.4)	2,032.6		2,032.6
Selling, general and administrative expenses	1,093.5	(537.3)	556.2		556.2
Research and development expenses	179.7	(4.0)	175.7		175.7
Provision for restructuring	67.0	(40.5)	26.5		26.5
Interest expense	117.8	(48.5)	69.3	$ 36.8(1)	106.1
Other, net	36.2	(14.9)	21.3		21.3
Income from continuing operations before taxes on income	465.9	(59.8)	406.1	(36.8)	369.3
Taxes on income from continuing operations	154.7	(36.5)	118.2	(14.4)(2)	103.8
Income from continuing operations before minority interest and equity earnings	311.2	(23.3)	287.9	(22.4)	265.5
Minority interest in earnings of subsidiaries	(66.8)	2.4	(64.4)		(64.4)
Dividends on convertible preferred securities of subsidiary	(13.7)		(13.7)		(13.7)
Equity in earnings (losses) of associated companies:					
Other than Dow Corning Corporation	66.5	0.2	66.7		66.7
Dow Corning Corporation	(348.0)		(348.0)		(348.0)
Income (loss) from continuing operations	(50.8)	(20.7)	(71.5)	$ (22.4)	$ (93.9)
Income from discontinued operations		20.7	20.7		
Net Income (Loss)	$ (50.8)	$	$ (50.8)		
Per Common Share Data:					
Income (loss) from continuing operations	$ (0.23)	$ (0.09)	$ (0.32)	$ (0.10)	$ (0.42)
Income from discontinued operations		0.09	0.09		
Net Income (Loss)	$ (0.23)	$	$ (0.23)		
Weighted Average Shares Outstanding			226.6		226.6

</TABLE>

(a) Includes all adjustments necessary to reflect the operations of Corning's Health Care Services segment as a discontinued operation.

(b) See Notes to Pro Forma Financial Statements beginning on page 10.

Corning Incorporated and Subsidiary Companies
Pro Forma Consolidated Statement of Income (unaudited)
(In millions, except per-share amounts)

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1996		
	Historical	Pro Forma Adjustments(a)	Pro Forma
<S>	<C>	<C>	<C>
Revenues:			
Net sales	$2,661.5		$2,661.5
Royalty, interest, and dividend income	24.0		24.0
	2,685.5		2,685.5
Deductions:			
Cost of sales	1,636.9		1,636.9
Selling, general and administrative expenses	470.1		470.1

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Research and development expenses	137.5		137.5
Interest expense	53.8	$ 22.1(1)	75.9
Other, net	19.7		19.7
	--------	-------	--------
Income from continuing operations before taxes on income	367.5	(22.1)	345.4
Taxes on income from continuing operations	123.1	(8.6)(2)	114.5
	--------	-------	--------
Income from continuing operations before minority interest and equity earnings	244.4	(13.5)	230.9
Minority interest in earnings of subsidiaries	(41.0)		(41.0)
Dividends on convertible preferred securities of subsidiary	(10.3)		(10.3)
Equity in earnings of associated companies	58.5		58.5
	--------	-------	--------
Income from continuing operations	$ 251.6	$ (13.5)	$ 238.1
	========	=======	========
Per Common Share Data:			
Income from Continuing Operations	$ 1.10	$ (0.06)	$ 1.04
	========	=======	========
Weighted Average Shares Outstanding	227.4		227.4
	========		========

</TABLE>

(a) See Notes to Pro Forma Financial Statements beginning on page 10.

CORNING INCORPORATED AND SUBSIDIARY COMPANIES
PRO FORMA CONSOLIDATED BALANCE SHEETS (Unaudited)
As of September 30, 1996
(In millions)

<TABLE>
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ASSETS	Historical	Pro Forma Adjustments(a)	Pro Forma
<S>	<C>	<C>	<C>
CURRENT ASSETS			
Cash	$ 43.2	$ 650.0(3) (502.8)(4)	$190.4
Short-term investments, at cost which approximates market value	84.3		84.3
Accounts receivable, net of doubtful accounts and allowances	545.8		545.8
Inventories	504.0		504.0
Deferred taxes on income and other current assets	122.9		122.9
	--------	--------	-------
Total current assets	1,300.2	147.2	1,447.4
	--------	--------	-------
INVESTMENTS			
Associated companies, at equity	325.8		325.8
Others, at cost	23.6		23.6
	--------		-------
	349.4		349.4
	--------		-------
PLANT AND EQUIPMENT, AT COST, NET OF ACCUMULATED DEPRECIATION	1,848.7		1,848.7
GOODWILL AND OTHER INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION	342.2		342.2
OTHER ASSETS	271.9		271.9
NET ASSETS OF DISCONTINUED OPERATIONS	1,616.3	(613.0)(3) 150.0(5) (1,153.3)(6)	
	--------	---------	--------

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	$5,728.7	$(1,469.1)	$4,259.6
	========	=========	========

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES			
Loans payable	$ 427.8	$ (427.8)(4)	
Accounts payable	159.2		$ 159.2
Other accrued liabilities	452.7	37.0(3)	
		150.0(5)	639.7
Total current liabilities	1,039.7	(240.8)	798.9
OTHER LIABILITIES	637.2		637.2
LOANS PAYABLE BEYOND ONE YEAR	1,278.3	(75.0)(4)	1,203.3
MINORITY INTEREST IN SUBSIDIARY COMPANIES	311.5		311.5
CONVERTIBLE PREFERRED SECURITIES OF SUBSIDIARY	365.0		365.0
CONVERTIBLE PREFERRED STOCK	22.7		22.7
COMMON STOCKHOLDERS' EQUITY			
Common stock	1,174.4	(650.0)(6)	524.4
Retained earnings	1,452.3	(503.3)(6)	949.0
Treasury stock	(603.1)		(603.1)
Cumulative translation adjustment	50.7		50.7
Total common stockholders' equity	2,074.3	(1,153.3)	921.0
	$5,728.7	$(1,469.1)	$4,259.6
	========	=========	========

</TABLE>

(a) See Notes to Pro Forma Financial Statements beginning on page 10.

CORNING INCORPORATED

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
(Unaudited)

Note 1.

The pro forma adjustment represents the net increase in interest expense of continuing operations related to the Distributions. Historical income from operations of the discontinued businesses included an allocation of Corning's interest expense based on the ratio of net assets of discontinued operations to consolidated net assets. This allocation totaled $48.5 million for the year ended 1995 and $34.5 million for the nine months ended September 30, 1996.

Corning received $650 million as repayment of intercompany debt and contributed approximately $750 million of intercompany debt to the capital of Quest Diagnostics. Corning used approximately $500 million of the proceeds to repay short- and long-term debt. The interest associated with the debt repaid totaled $11.7 million and $12.4 million in 1995, and 1996, respectively. In accordance with rules established by the Securities Exchange Commission, the pro forma adjustment does not include interest income related to proceeds that would have been invested had the Distributions occurred on January 2, 1995.

Note 2.

The pro forma adjustment to taxes on income represents the estimated income tax benefit of the pro forma increase in interest expense at the incremental tax rate of 39%.

Note 3.

The pro forma adjustment to cash, net assets of discontinued operations and income taxes payable represents the receipt of $650 million in repayment of certain income tax liabilities and intercompany borrowings by Quest Diagnostics and Covance immediately prior to the Distributions.

Note 4.

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The pro forma adjustment to cash, loans payable and loans payable beyond one year represents the repayment by Corning of commercial paper and certain long-term borrowings with the proceeds from the repayment of intercompany debt.

Note 5.

The pro forma adjustment to net assets of discontinued operations and other accrued liabilities represents the estimated payable to and capital contribution into Quest Diagnostics related to Corning's indemnification obligations for certain claims pursuant to the terms of the transaction agreement entered into by Corning, Quest Diagnostics and Covance with respect to the Distributions. The payable to Quest Diagnostics is estimated to be approximately $25 million at the Distribution Date. The reduction from $150 million at September 30, 1996 to $25 million at the Distribution Date is due to the funding by Corning of indemnified claims, primarily the Damon settlement of $119 million, subsequent to September 30, 1996 and before the Distribution Date. The remaining payable will be paid by Corning upon the settlement of the underlying, indemnified claims.

Note 6.

The pro forma adjustment to net assets of discontinued operations and common stock and retained earnings represents the contribution of all remaining intercompany borrowings to Quest Diagnostics and the subsequent Distributions.

Note 7.

Per share information is based upon the 226.6 million and 227.4 million common shares reflected in Corning's consolidated statement of income for the year ended December 31, 1995 and the nine months ended September 30, 1996, respectively. Historically, diluted EPS has not been presented because common stock equivalents are not material. The number and exercise price of all options outstanding were adjusted for the Distributions. This adjustment increased the number of options outstanding and decreased the exercise price of the options. In addition, the number of common stock equivalents related to Corning's Convertible Preferred Stock--Series B and Monthly Income Preferred Securities will increase as a result of the Distributions.

EXHIBIT INDEX

10.1 Transaction Agreement, dated as of November 22, 1996, between Corning Incorporated, Corning Life Sciences Inc., Corning Clinical Laboratories Inc., Corning Pharmaceutical Services Inc., and Corning Clinical Laboratories Inc. (MI).

10.2 Tax Sharing Agreement, dated as of December 16, 1996, between Corning Incorporated, Corning Clinical Laboratories Inc. and Covance Inc.

10.3 Spin-off Tax Indemnification Agreement, dated as of December 16, 1996, between Corning Incorporated and Corning Clinical Laboratories Inc.

10.4 Spin-off Tax Indemnification Agreement, dated as of December 16, 1996, between Corning Incorporated and Covance Inc.

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S&S DRAFT

TRANSACTION AGREEMENT

---

dated as of November 22, 1996

by and among

CORNING INCORPORATED,

CORNING LIFE SCIENCES INC.,

CORNING CLINICAL LABORATORIES INC. (Delaware),

COVANCE INC.,

and

CORNING CLINICAL LABORATORIES INC. (Michigan)

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Schedule 2.08 Guarantees

EXHIBITS

Exhibit A	Forms of Contribution Agreement, Liabilities Undertaking, Bill of Sale and Assignment and Instrument of Assignment and Assumption
Exhibit B	Form of Plan of Liquidation and Dissolution of CLSI
Exhibit C	Certificate of Ownership and Merger and Certificate of Merger, with attached Agreement and Plan of Merger and Complete Liquidation (Covance CAPS into Covance)
Exhibit D	Form of Insurance Agreement
Exhibit E	Form of Services Agreement
Exhibit F	Form of Spin-off Tax Indemnification Agreements
Exhibit G	Form of Tax Sharing Agreement
Exhibit H	Forms of Amended Charter and By-Laws of CCL
Exhibit I	Forms of Amended Charter and By-Laws of Covance

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TRANSACTION AGREEMENT dated as of November 22, 1996, by and among CORNING INCORPORATED, a New York corporation ("Corning"), CORNING LIFE SCIENCES INC., a Delaware corporation ("CLSI"), CORNING CLINICAL LABORATORIES INC., a Delaware corporation ("CCL"), COVANCE INC., a Delaware corporation ("Covance") and CORNING CLINICAL LABORATORIES INC., a Michigan corporation ("CCL (MI)").

W I T N E S S E T H:

WHEREAS, Corning is the common parent of a consolidated group which includes CLSI, CCL, Covance and CCL (MI);

WHEREAS, the Board of Directors of Corning has determined that it is appropriate and desirable to distribute to the holders of shares of common stock, par value $0.50 per share, of Corning (the "Corning Common Shares") all the outstanding shares of common stock of CCL (the "CCL Common Stock") and, immediately following such distribution, for CCL to distribute to the holders of CCL Common Stock all the outstanding shares of common stock of Covance (the "Covance Common Stock");

WHEREAS, each of Corning, CCL and Covance has determined that it is necessary and desirable to set forth the principal corporate transactions required to effect such distribution and to set forth other agreements that will govern certain other matters following the distribution;

WHEREAS, each of Corning, CCL and Covance has determined that it is necessary and desirable to allocate and assign responsibility for those liabilities in respect of the activities of the businesses of such entities on the Distribution Date (as defined herein) and those liabilities in respect of other businesses and activities of Corning and its former subsidiaries and other matters;

WHEREAS, Corning currently owns 100% of the stock of CLSI;

WHEREAS, CLSI currently owns 100% of the stock of CCL;

WHEREAS, CCL currently owns 100% of the stock of each of Covance and CCL (MI);

WHEREAS, Covance currently owns 100% of the stock of Covance Clinical and Periapproval Services Inc. (formerly Corning Besselaar, Inc.) ("Covance CAPS"); and

WHEREAS, prior to the Distribution Date, CLSI will contribute to CCL substantially all of its assets other than the stock of CCL in exchange for additional shares of CCL Common Stock, shares of voting preferred stock of CCL and cash and will contribute to CCL (MI) certain of its obligations and liabilities and Corning will cause CLSI to dissolve and Covance CAPS to be merged with and into Covance.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Action" shall mean any action, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency, body or commission or any arbitration tribunal.

"Affiliate" shall mean, when used with respect to a specified

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person, another person that directly, or indirectly through one or more intermediaries, will control or will be controlled by or will be under common control with the person specified immediately following the Effective Time.

"Agent" shall have the meaning as defined in Section 2.02(g).

"Agreement Disputes" shall have the meaning as defined in Section 5.01.

"Ancillary Agreements" shall mean the Insurance Agreement, the Intellectual Property Agreement, the Services Agreement, the Spin-off Tax Indemnification Agreements and the Tax Sharing Agreement.

"Assignee" shall have the meaning as defined in Section 2.02(i)(ii).

"CCL" shall mean Corning Clinical Laboratories Inc., a Delaware corporation.

"CCL Business" shall mean all businesses and operations conducted by (i) CLSI, MRL Nucor, Inc. and all current and former subsidiaries of CLSI (other than Covance Biotechnology Services Inc. (formerly CORNING Bio Inc.), Covance and its

Subsidiaries, Pharmaceutical Laboratory Services, Inc., Quanterra Incorporated, California Analytical Laboratory, Chemical Research Laboratories, Inc., Enseco Incorporated, ERCO, Rocky Mountain Analytical Laboratory and Wadsworth/Alert Laboratories, Inc.), including without limitation CCL (but excluding in any event the environmental testing business previously conducted by CCL); and (ii) any business entities acquired or established by or for CCL or any of its Subsidiaries after the date of this Agreement.

"CCL Indemnitees" shall mean CCL, each Affiliate of CCL, each of their respective directors and officers and each of the heirs, executors, successors and assigns of any of the foregoing.

"CCL Liabilities" shall mean, collectively, (i) all the Liabilities of CCL and its Subsidiaries under this Agreement and any of the Ancillary Agreements, and (ii) all the Liabilities of the parties hereto or their respective Subsidiaries (whenever arising whether prior to, at or following the Effective Time) arising out of or in connection with or otherwise relating to the management or conduct before or after the Effective Time of the CCL Business.

"CCL (MI)" shall mean Corning Clinical Laboratories Inc., a Michigan corporation.

"CCL Record Holders" shall mean all holders of CCL Common Stock as of the Distribution Record Date, provided that the CCL Record Holders shall be deemed to be determined immediately following the distribution of CCL Common Stock to all Corning Record Holders.

"CLSI" shall mean Corning Life Sciences Inc., a Delaware corporation.

"CLSI Revolver" shall mean the Revolving Credit Agreement dated December 1, 1994 between Corning and CLSI.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any successor legislation.

"Commission" shall mean the Securities and Exchange Commission.

"Company Policies" shall mean all Policies, current or past, which are or at any time were maintained by or on behalf of or for the benefit or protection of Corning or any of its predecessors which relate to the Corning Business, the CCL Business or the Covance Business, or current or past directors, officers, employees or agents of any of the foregoing Businesses.

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"Corning" shall mean Corning Incorporated, a New York corporation.

"Corning Business" shall mean (i) all businesses and operations of Corning and its subsidiaries other than the CCL Business and the Covance Business and (ii) the environmental testing business previously conducted by CCL and its Subsidiaries, including California Analytical Laboratory, Chemical Research Laboratories, Inc., Enseco Incorporated, ERCO, Quanterra Incorporated, Rocky Mountain Analytical Laboratory and Wadsworth/Alert Laboratories, Inc.

"Corning Indemnitees" shall mean Corning, each Affiliate of Corning, each of their respective directors and officers and each of the heirs, executors, successors and assigns of any of the foregoing.

"Corning Liabilities" shall mean all the Liabilities of Corning and its Subsidiaries under this Agreement and any of the Ancillary Agreements, and all the Liabilities of Corning and its subsidiaries that are not CCL Liabilities or Covance Liabilities including, without limitation, all Liabilities under any employee benefit plans maintained by Corning and any stock option employment or consulting agreements to which Corning is a party, including any such benefit plans or agreements covering or with persons who are or were employees of CCL or Covance and their respective Subsidiaries. Notwithstanding the foregoing, the remaining payment obligations under the Agreement dated June 7, 1995 among Corning, CLSI and Ralph H. Thurman and the Consulting Agreement dated June 7, 1995 among Corning, CLSI and Ralph H. Thurman shall be CCL Liabilities and not Corning Liabilities.

"Corning Record Holders" shall mean all holders of record of Corning Common Shares as of the Distribution Record Date.

"Covance" shall mean Covance Inc., a Delaware corporation (formerly known as Corning Pharmaceutical Services Inc.).

"Covance Business" shall mean all businesses and operations conducted by (i) all current and former subsidiaries of Covance and by Covance Biotechnology Services Inc. and Pharmaceutical Laboratory Services, Inc. prior to the Effective Time; and (ii) any business entities acquired or established by or for Covance or any of its Subsidiaries after the date of this Agreement.

"Covance Indemnitees" shall mean Covance, each Affiliate of Covance, each of their respective directors and officers and each of the heirs, executors, successors and assigns of any of the foregoing.

"Covance Liabilities" shall mean, collectively, (i) all the Liabilities of Covance and its Subsidiaries under this Agreement and any of the Ancillary Agreements, and (ii) all the Liabilities of the parties hereto or their respective Subsidiaries (whenever arising whether prior to, at or following the Effective Time) arising out of or in connection with or otherwise relating to the management or conduct before or after the Effective Time of the Covance Business.

"Distribution Date" shall mean December 31, 1996 or such later date as may hereafter be determined by Corning's Board of Directors as the date as of which the Distributions shall be effected.

"Distribution Record Date" shall mean December 31, 1996 or such later date as may hereafter be determined by Corning's Board of Directors as the record date for the Distributions.

"Distributions" shall mean the two consecutive distributions in the following order on the Distribution Date to (i) all Corning Record Holders of the CCL Common Stock owned by Corning and (ii) all CCL Record Holders of the Covance Common Stock owned by CCL.

"Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

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"Exchange Act" shall mean the Securities and Exchange Act of 1934, as amended.

"Indemnifiable Losses" shall mean any and all losses, liabilities, claims, damages, demands, costs or expenses (including, without limitation, reasonable attorneys' fees and any and all reasonable and necessary out-of-pocket expenses) whatsoever, including any and all losses, liabilities, claims, damages, demands, costs or expenses reasonably incurred in investigating, preparing for or defending against any Actions or potential Actions, provided, however, that such Indemnifiable Losses shall not include Taxes or other amounts indemnified against under the Spin-off Tax Indemnification Agreements and the Tax Sharing Agreement.

"Indemnifying Party" shall have the meaning as defined in Section 3.04.

"Indemnitee" shall have the meaning as defined in Section 3.04.

"Information Statement" shall mean the Information Statement sent to all the Record Holders in connection with the Distributions, including any amendment or supplement thereto.

"Insurance Agreement" shall mean the Insurance Agreement among Corning, CCL and Covance, in substantially the form attached hereto as Exhibit D.

"Intellectual Property Agreement" shall mean the Intellectual Property and Licensing Agreement among Corning, CCL and Covance, in a form to be agreed upon by the parties to this Agreement.

"Liabilities" shall mean any and all debts, liabilities and obligations, absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including, without limitation, those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any court, any governmental or other regulatory or administrative agency or commission or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Policies" shall mean insurance policies and insurance contracts of any kind (other than life and benefits policies or contracts), including, without limitation, primary, excess and umbrella policies, comprehensive general liability policies, fiduciary liability, automobile, aircraft, property and casualty, workers' compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

"Record Holders" shall mean the CCL Record Holders and the Corning Record Holders, collectively.

"Records" shall have the meaning as defined in Section 4.01.

"Registration Statements" shall mean the registration statements on Form 10 in respect of the CCL Common Stock and the Covance Common Stock required to be filed with the Commission pursuant to Rule 12(b) under the Exchange Act.

"Rules" shall have the meaning as defined in Section 5.02.

"Services Agreement" shall mean the Services Agreement among Corning, CCL and Covance, in substantially the form attached hereto as Exhibit E.

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"Spin-off Tax Indemnification Agreement" shall mean each of the Spin-off Tax Indemnification Agreements between or among two or more of Corning, CCL and Covance, in substantially the form attached hereto as Exhibit F.

"Subsidiary" shall mean any corporation, partnership or other entity of which another entity (i) will own, immediately following the Effective Time, directly or indirectly, ownership interests sufficient to elect a majority of the board of directors (or persons performing similar functions) (irrespective of whether at the time any other class or classes of ownership interests of such corporation, partnership or other entity shall or might have such voting power upon the occurrence of any contingency) or (ii) will be, immediately following the Effective Time, a general partner or an entity performing similar functions; provided that Bio Imaging Technologies Inc. will be deemed to be a Subsidiary of Covance and, National Imaging Associates will be deemed to be a Subsidiary of CCL, in each case, for all purposes of this Agreement.

"Tax" shall mean all federal, state, local and foreign gross or net income, gross receipts, withholding, franchise, transfer, estimated or other tax or similar charges and assessments, including all interest, penalties and additions imposed with respect to such amounts.

"Tax Sharing Agreement" shall mean the Tax Sharing Agreement among Corning, CCL and Covance, in substantially the form attached hereto as Exhibit G.

"Third Party Claim" shall have the meaning as defined in Section 3.05.

SECTION 1.02. References; Interpretation. References to an "Exhibit" or to a "Schedule" are, unless otherwise specified, to one of the Exhibits or Schedules attached to this Agreement, and references to a "Section" are, unless otherwise specified, to one of the Sections of this Agreement.

ARTICLE II
DISTRIBUTIONS AND OTHER TRANSACTIONS; CERTAIN COVENANTS

SECTION 2.01. Conditions Precedent. Neither the Distributions nor the related transactions set forth in this Agreement or in the Ancillary Agreements shall become effective unless the following conditions have been satisfied or waived by Corning on or before the Effective Time:

(a) The Registration Statements shall have been filed by CCL and Covance, as applicable, with, and declared effective by, the Commission and the Information Statement shall have been mailed in a timely manner to all holders of Corning Common Shares prior to the Distribution Date.

(b) Corning shall have received a favorable ruling from the Internal Revenue Service to the effect that the Distributions qualify as tax-free distributions under Section 355 of the Code.

(c) Corning shall have received a favorable response from the Commission to the "no-action request" letter describing the Distributions filed by Corning with the Commission.

(d) The New York Stock Exchange shall have approved the CCL Common Stock and Covance Common Stock for listing on its exchange, subject to official notice of distribution.

(e) The financing arrangements among and between the parties contemplated in the Information Statement will have been consummated. CCL and Covance each

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shall pay all of the expenses associated with their respective financings.

SECTION 2.02. The Distributions and Other Transactions. (a) Certain Transactions. Prior to the Distribution Date:

(i) Covance CAPS shall be merged with and into Covance pursuant to the Certificate of Ownership and Merger between Covance CAPS and Covance and the Certificate of Merger between Covance CAPS and Covance, in substantially the forms attached hereto as Exhibit C, and in accordance with all applicable filing requirements under the Delaware General Corporation Law and the New Jersey Business Corporation Act. As a result of the merger, Covance CAPS will cease to exist and Covance will acquire the assets of Covance CAPS and assume (or take the assets of Covance CAPS subject to) the liabilities of Covance CAPS.

(ii) CLSI will contribute to CCL all of CLSI's assets other than the stock of CCL and CLSI's rights under certain agreements that CLSI agrees to transfer pursuant to Section 2.02(i) in exchange for 200,000 additional shares of CCL Common Stock, 1,000 shares of voting preferred stock of CCL and $250,000 in cash from CCL pursuant to (A) the Contribution Agreement between CLSI and CCL, (B) the Liabilities Undertaking between CLSI and CCL (C) the Instrument of Assignment and Assumption between CLSI and CCL and (D) the Bill of Sale and Assignment between CLSI and CCL, each in substantially the forms attached hereto as Exhibit A, and in accordance with all applicable filing requirements under the Delaware General Corporation Law. As a result of such transactions, CCL will acquire the assets of CLSI and assume (or take the assets of CLSI subject to) the liabilities of CLSI other than (A) such obligations and liabilities for which either Corning or Covance is responsible under this Agreement or the Ancillary Agreements and (B) any obligations that CCL(MI) assumes pursuant to

the following sentence. CCL (MI) shall assume (A) the first $2 million in principal amount of obligations of CLSI owed by CLSI to Corning under the CLSI Revolver and (B) the first $2 million of CLSI's obligations under Section 6.06(a) of the Agreement and Plan of Merger among Corning, Opera Acquisition Corp. and CLSI (then known as Damon Corporation). Following such contributions and assumptions, CLSI shall adopt a plan of liquidation and dissolve pursuant to the Plan of Liquidation and Dissolution of CLSI, substantially in the form attached hereto as Exhibit B, and in accordance with all applicable filing requirements under the Delaware General Corporation Law. As a result of such liquidation and dissolution, CLSI will distribute to Corning its remaining assets, which will consist largely of the capital stock of CCL, and CLSI will cease to exist.

(iii) No earlier than one day following the effective date for the transactions described in Section 2.02(a)(ii), CCL will transfer to certain of its subsidiaries the following shares of common stock that CCL will have received from CLSI pursuant to the transactions described in Section 2.02(a)(ii): (A) the shares of common stock of Corning Nichols Institute, (B) the shares of common stock of Corning Clinical Laboratories Inc. (Mass.) and (C) the shares of common stock of Corning Clinical Laboratories Inc. (MD).

(iv) No earlier than three (3) days following the later of the effective dates for the transactions described in Sections 2.02(a)(i), (ii) and (iii), CCL will transfer its Covance Common Stock, its entire interest in Pharmaceutical Laboratory Services, Inc. and its entire interest in Covance Biotechnology Services Inc. to Covance by delivering to Covance stock certificates representing each of CCL's share interests in such companies, accompanied by stock powers duly endorsed by CCL and with all required stock transfer tax stamps affixed. In connection therewith CCL shall deliver to Covance for cancellation the share certificate currently held by it representing Covance Common Stock and Covance shall issue to CCL new certificates representing the total number of newly-issued shares of Covance Common Stock sufficient in number to allow for an orderly and pro rata distribution of such Covance Common Stock to the CCL common shareholders.

(v) No earlier than three (3) days following the later of the

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effective dates for the transactions described in Sections 2.02(a)(i), (ii) and (iii), Corning will transfer its CCL Common Stock and its entire interest in MRL Nucor, Inc. to CCL by delivering to CCL stock certificates representing each of Corning's share interests in CCL and MRL Nucor, Inc., accompanied by stock powers duly endorsed by Corning and with all required stock transfer tax stamps affixed. In connection therewith Corning shall deliver to CCL for cancellation the share certificate then held by it representing CCL Common Stock and shall receive new certificates representing the total number of newly-issued shares of CCL Common Stock sufficient in number to

allow for an orderly and pro rata distribution of such CCL Common Stock to the Corning common shareholders.

(b) Ancillary Agreements. On or prior to the Distribution Date, each of Corning, CCL and Covance shall have executed and delivered to each of the others, each of the Ancillary Agreements.

(c) Charters; By-laws. On or prior to the Distribution Date:

(i) All necessary actions shall have been taken to provide for the amendments of the Articles of Incorporation and By-laws for CCL, such amendments to be in substantially the forms attached hereto as Exhibit H.

(ii) All necessary actions shall have been taken to provide for the amendments of the Articles of Incorporation and By-laws for Covance, such amendments to be in substantially the forms attached hereto as Exhibit I.

(d) Benefit Plans. On or prior to the Distribution Date, any shareholder approvals deemed necessary for employee benefit plans shall have been obtained.

(e) Directors. On or prior to the Distribution Date, Corning as the sole shareholder of CCL, and CCL, as the sole shareholder of Covance, shall have taken all necessary action by written consent on or prior to the Distribution Date to elect to the Board of Directors of CCL and the Board of Directors of Covance the individuals identified in the Information Statement as directors of CCL and Covance, respectively.

(f) Consents. The parties hereto shall use their commercially reasonable efforts to obtain any required consents to assignment of agreements hereunder, if applicable.

(g) Delivery of Shares to Agent. Corning shall deliver to Harris Trust and Savings Bank (the "Agent") the share certificates representing the CCL Common Stock and CCL shall deliver to the Agent the share certificates representing the Covance Common Stock and Corning and CCL shall instruct the Agent to distribute, on or as soon as practicable following the Distribution Date, such common stock to the Corning Record Holders and the CCL Record Holders, as the case may be, as further contemplated by the Information Statement and herein. CCL and Covance shall provide all share certificates that the Agent shall require in order to effect the Distributions.

(h) Sublease. Corning shall have entered into a sublease agreement with National Imaging Associates, Inc. with respect to the first floor of 10 Mountainview Road, Upper Saddle River, New Jersey.

(i) Transfer of Agreements. (i) CLSI hereby agrees that on or prior to the date on which it is dissolved, subject to the limitations set forth in this Section 2.02(i), it will assign, transfer and convey to Covance all of CLSI's rights and obligations under (a) the Capital Contribution Agreement and Shareholder Agreement dated February 22, 1995 among Corning BioPro Inc., CLSI, Richard Hawkins, Dr. John Scarlett, Robert F. Amundsen and Dr. Nona Niland, (b)

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any and all existing stock option agreements between CLSI, Corning Bio Inc. and individual employees of Corning Bio Inc., (c) the Registration Agreement dated as of February 22, 1995 by and between Corning BioPro Inc. and CLSI, (d) the Joint Escrow Instructions dated February 22, 1995 by and between Corning BioPro Inc., CLSI, Robert F. Amundsen and the Escrow Agent named therein, and (e) the Joint Escrow Instructions dated February 22, 1995 by and between Corning BioPro Inc., CLSI, Dr. John Scarlett and the Escrow Agent named therein. CLSI hereby further agrees that on or prior to the date on which it is dissolved, subject to the limitations set forth in this Section 2.02(i), it will assign, transfer and convey to Corning all of its rights and obligations under the lease agreement dated October 5, 1995 between 2154 Trading Corporation and CLSI with respect to 10 Mountainview Road, Upper Saddle River, New Jersey and a sublease to National Imaging Associates with respect to a portion of such premises. CCL hereby agrees that on or prior to the Distribution Date or as soon as reasonably practicable thereafter, subject to the limitations set forth in this Section 2.02(i), it will assign, transfer and convey to Corning all of CCL's rights and obligations under the Asset Transfer Agreement dated as of May 2, 1994, as amended, among CCL, International Technology Corporation, IT Corporation and Quanterra Incorporated and the related closing documents thereunder, including without limitation the General Instrument of Assignment and Assumption dated June 28, 1994 between CCL and Quanterra Incorporated. Corning hereby agrees that on or prior to the Distribution Date or as soon as reasonably practicable thereafter, subject to the limitations set forth in this Section 2.02(i), it will assign, transfer and convey to Covance all of Corning's rights and obligations under that certain Registration Agreement dated as of February 22, 1995 by and between Corning, Dr. Nona Niland, Dr. John Scarlett, Robert F. Amundsen and Richard Hawkins.

(ii) The assignee of any agreement assigned, in whole or in part, hereunder (an "Assignee") shall assume and agree to pay, perform, and fully discharge all obligations of the assignor under such agreement or such Assignee's related portion of such obligations as determined in accordance with the terms of the relevant agreement, where determinable on the face thereof, and otherwise as determined in accordance with the practice of the parties prior to the Distribution.

(iii) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any agreement, in whole or in part, or any rights thereunder if the agreement to assign or attempt to assign, without the consent of a third party, would constitute a breach thereof or in any way adversely affect the rights of the Assignee thereof. Until such consent is obtained, or if an attempted assignment thereof would be ineffective or would adversely affect the rights of any party hereto so that the Assignee would not, in fact, receive all such rights, the parties will cooperate with each other in any arrangement designed to provide for the Assignee the benefits of, and to permit the Assignee to assume liabilities under, any such agreement.

(iv) Corning understands and agrees that approximately 10,968 Corning Common Shares are held to secure certain claims of CCL under that Escrow Agreement dated as of October 9, 1994 (the "Escrow Agreement") among Corning, The First National Bank of Boston and former shareholders of Moran Research Labs, as amended, and will act at CCL's direction and at CCL's expense with respect to those shares. The remaining Corning Common Shares held under the Escrow Agreement are being held for the benefit of Corning.

(j) Other Transactions. On or prior to the Distribution Date, each of Corning, CCL and Covance shall have consummated those other transactions in connection with the Distributions that are contemplated by the Information Statement and the ruling request submission by Corning to the Internal Revenue Service dated June 17, 1996, as supplemented, and not specifically referred to in subparagraphs (a)-(i) above.

SECTION 2.03. Treatment of Fractional Shares. As soon as practicable after the Distribution Date, the Agent shall determine the number of whole shares and fractional shares of CCL and Covance allocable to each Corning Record Holder and CCL Record Holder, respectively, as of the Distribution Record Date, to aggregate all such fractional shares and sell the whole shares obtained thereby, in open market transactions or otherwise, in each case at then prevailing trading prices, and to cause to be distributed to each such holder to which a fractional share shall be allocable such holder's ratable share of the proceeds of such sale, after making appropriate deductions of the amount required to be withheld for federal income tax purposes and after deducting an

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amount equal to all brokerage charges, commissions and transfer taxes attributed to such sale. In determining the manner and timing of selling the aggregated fractional shares, the Agent shall use its independent judgment and shall neither consult with nor communicate its plans to Corning, CCL or Covance.

SECTION 2.04. Certain Intercompany Financial and Other Arrangements. (a) Intercompany Accounts. Without limiting the terms of Section 2.05, all intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for in any of the Ancillary Agreements or hereunder), including, without limitation, in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, between Corning, CCL, Covance or any of their respective Subsidiaries, on the one hand, and Corning, CCL, Covance or any of their respective Subsidiaries, on the other hand, shall, as of the Effective Time, be settled or contributed to capital, in each case as may be agreed in writing prior to the Effective Time by duly authorized representatives of Corning, CCL or Covance, as applicable. Notwithstanding the foregoing, on or after the Distribution Date, CCL shall make a payment to Corning in an amount equal to

the excess, if any, of (i) the aggregate amount of cash and cash equivalents held by CCL and its Subsidiaries on the Distribution Date over (ii) the sum of the aggregate principal amount of Working Capital Loans and Swingline Loans (each as defined in the credit agreement among CCL and the banks listed therein to be entered into prior to the Distribution Date) outstanding on the Distribution Date, plus $40,000,000 plus the net cash proceeds from the sales of assets identified in the credit agreement received on or prior to the Distribution Date. If the amount calculated in accordance with clause (ii) of the preceding sentence, less $10,000,000, is greater than the amount calculated in accordance with clause (i) then, on or after the Distribution Date, Corning shall make a payment to CCL in an amount equal to the difference between such calculations.

(b) Operations in Ordinary Course. Each of CCL and Covance covenants and agrees that, except as otherwise provided in any Ancillary Agreement, during the period from the date of this Agreement through the Distribution Date, it will, and will cause any entity that is a Subsidiary of such party at any time during such period to, conduct its business in a manner substantially consistent with current and past operating practices and in the ordinary course, including, without limitation, with respect to the payment and administration of accounts payable and the administration of accounts receivable, the purchase of capital assets and equipment and the management of inventories.

SECTION 2.05. Certain Indebtedness and Capital Structure. Corning, CCL and Covance each agree to use their respective commercially reasonable efforts to achieve both an allocation of consolidated indebtedness of Corning and a capital structure (including cash position) of each of CCL and Covance so as to substantially reflect the respective capital structures after the Distributions of CCL and Covance set forth in the Information Statement under the headings "Capitalization of CCL" and "Capitalization of Covance".

SECTION 2.06. Further Assurances. In case at any time after the Effective Time any further action is reasonably necessary or desirable to carry out the purposes of this Agreement and the Ancillary Agreements, the proper officers of each party to this Agreement shall take all such necessary action. Without limiting the foregoing, Corning, CCL and Covance shall use their commercially reasonable efforts to obtain all consents and approvals, to enter into all amendatory agreements and to make all filings and applications that may be required for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, including, without limitation, all applicable governmental and regulatory filings.

SECTION 2.07. No Representations or Warranties. Each of the parties hereto understands and agrees that, except as otherwise expressly provided, no party hereto is, in this Agreement, in any Ancillary Agreement or in any other agreement or document contemplated by this Agreement or otherwise, making any representation or warranty whatsoever, including, without limitation,

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as to title, value or legal sufficiency.

SECTION 2.08. Guarantees. (a) Except as otherwise specified in any Ancillary Agreement, Corning, CCL and Covance shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, Corning and any of its Subsidiaries removed as guarantor of or obligor for any CCL Liability or Covance Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(a), and to the extent any such guarantee is not removed, CCL or Covance, as the case may be, will indemnify Corning for all Indemnifiable Losses related to or arising from such guarantee, in accordance with the procedures set forth in Section 3.05 and will pay Corning a fee reflecting Corning's continuing role as guarantor.

(b) Except as otherwise specified in any Ancillary Agreement, Corning, CCL and Covance shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, CCL and any of its Subsidiaries removed as guarantor of or obligor for any Corning Liability or Covance Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(b), and to the extent any such guarantee is not removed, Corning or Covance, as the case may be, will indemnify CCL for all Indemnifiable Losses related to or arising from such guarantee, in accordance with the procedures set forth in Section 3.05 and will pay CCL a fee reflecting CCL's continuing role as guarantor.

(c) Except as otherwise specified in any Ancillary Agreement, Corning, CCL and Covance shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, Covance and any of its Subsidiaries removed as guarantor of or obligor for any Corning Liability or CCL Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(c), and to the extent any such guarantee is not removed, Corning or CCL, as the case may be, will indemnify Covance for all Indemnifiable Losses related to or arising from such guarantee, in accordance with the procedures set forth in Section 3.05 and will pay Covance a fee reflecting Covance's continuing role as guarantor.

SECTION 2.09. Certain Transactions. (a) On or prior to the Distribution Date, and in accordance to Section 2.02(b), Corning, CCL and Covance shall enter into (i) the Tax Sharing Agreement which shall govern, among other things, their respective rights and obligations with respect to Taxes of CCL and Covance and each of their respective Subsidiaries for all periods through the Distribution Date and certain other tax-related matters; and (ii) the Spin-off Tax Indemnification Agreements which shall, among other things, restrict CCL and Covance from engaging in certain activities that might jeopardize the continuing tax-free treatment of the Distributions.

(b) Following the Distribution Date, Corning, CCL and Covance shall each comply with and otherwise not take any action inconsistent with each representation and statement made, or to be made, to the Commission in connection with the "no-action request" letter describing the Distributions filed by Corning with the Commission.

SECTION 2.10. Insurance. Except as contemplated by the Insurance Agreement, any and all coverage of CCL, Covance and their respective Subsidiaries under Company Policies has terminated or will terminate (and will not be replaced by Corning) no later than the Effective Time.

ARTICLE III
INDEMNIFICATION

SECTION 3.01. Indemnification by Corning. (a) Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, Corning shall indemnify and hold harmless the CCL Indemnitees and the Covance Indemnitees from and against any and all Indemnifiable Losses of the CCL Indemnitees and the Covance Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the Corning Liabilities or (ii) the breach by Corning of any provision of this Agreement or any Ancillary Agreement.

(b) Corning shall indemnify and hold harmless CCL and its Subsidiaries from and against any and all monetary payments by or on behalf of CCL or any of its Subsidiaries (other than criminal fines or penalties imposed upon former or current employees of CCL or its subsidiaries) to the United

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States government or one of the States of the United States or any of their respective departments, branches or agencies arising out of any investigation or claim by or on behalf of the United States government or one of the States of the United States or any of their respective departments, branches or agencies, whether criminal, civil or administrative in nature which investigation or claim has been settled prior to the Distribution Date or is pending as of the Distribution Date pursuant to service of subpoena or other notice of such investigation to Corning, CCL or any of its Subsidiaries, as well as any qui tam proceeding for which a complaint was filed prior to the Distribution Date whether or not Corning, CCL or any Subsidiary of CCL has been served with such complaint or otherwise been notified of the pendency of such action, but only to the extent such investigations or claims arise out of or are related to alleged violations of (i) the federal civil False Claims Act (31 USC ss. 3729, et seq.) and its criminal counterpart (18 USC ss. 287), (ii) Medicare and Medicaid fraud (42 USC ss. 1320a-7(b)(a)(1)), (iii) the Civil Monetary Penalties Law (42 USC ss.ss. 1320a-7a and 1320a-7(b)(b)), (iv) mail fraud and wire fraud statutes (18 USC ss.ss. 1341 and 1343), (v) false statements (18 USC ss. 1301), (vi) conspiracy (18 USC ss. 371), (vii) money laundering (18 USC ss. 1956, et seq.), (viii) RICO (18 USC ss. 1961), (ix) Title II of the Health Insurance Portability and Accountability Act of 1996, (x) Title XVIII of the Social Security

Act (42 USC ss.ss. 1395-1395ccc) (the Medicare statute), (xi) Title XIX of the Social Security Act (42 USC ss.ss. 1396, et seq.) (the Medicaid statute), (xii) the Programs Fraud Civil Remedies Act (31 USC ss.ss. 3801, et seq.); or (xiii) the federal Anti-Kickback Act (42 USC ss.ss. 52, et seq.) arising out of the billing or alleged overbilling by CCL or any past or present subsidiary of CLSI (or any of their predecessors) of any federal program or agency, or any federally supported state health care program or agency, or any beneficiary of any of them, for services provided to any such beneficiary thereof by CCL, any Subsidiary of CCL or any past or present subsidiary of CLSI (or any of their predecessors).

(c) In the event that CCL or its Subsidiaries make monetary payments in excess of forty-two million dollars ($42,000,000) within the period beginning on the Distribution Date and ending five (5) years thereafter in respect of claims by nongovernmental persons relating to or arising out of the investigations or claims referred to in Section 3.01(b) and alleging overbillings of such person or any beneficiary of such person by CCL, its Subsidiaries or any past or present subsidiary of CLSI (or any of their predecessors) for services provided prior to the Distribution Date to such person or beneficiary thereof by CCL, its Subsidiaries or any past or present subsidiary of CLSI (or any of their predecessors), then Corning shall indemnify and hold harmless CCL and its Subsidiaries from and against fifty percent (50%) of up to fifty million dollars ($50,000,000) in the aggregate of such monetary payments actually paid by CCL or any Subsidiary of CCL in excess of such forty-two million dollars ($42,000,000) in respect of such alleged overbillings.

(d) (i) Except as otherwise agreed by Corning and CCL or unless otherwise required by a change in applicable law or regulations, a contrary judicial decision, adverse determination by a Taxing authority, or a contrary published ruling (in each case, subsequent to the date hereof), all payments made by Corning to CCL, or to another party for the benefit of CCL, pursuant to Section 3.01(b) and Section 3.01(c) shall be treated as nontaxable capital contributions by Corning to CCL and the parties shall report the payments consistent with such treatment for Tax purposes

(ii) Each amount indemnified against by Corning pursuant to Section 3.01(b) and Section 3.01(c) shall be reduced by (1) the product of (x) the amount of any Tax deduction used to reduce the Tax liability of CCL, any CCL Subsidiary (CCL and the CCL Subsidiaries shall be referred to in this Section 3.01(d) individually as a "CCL Company" and collectively as the "CCL Companies") or any combined or consolidated group which has any of the CCL Companies as a member and which does not have Corning as a member (referred to in this Section 3.01(d) as the "CCL Group") to the extent such Tax deduction is attributable to the portion of the payment, loss, expense or other item indemnified against by Corning and (y) the maximum marginal statutory rate (exclusive of any surtax rate or other marginal rate imposed in lieu of a surtax to eliminate the benefits of a lower marginal rate) at which the Tax to which such deduction relates is imposed for the taxable year in which the CCL Company or the CCL Group uses the Tax deduction to reduce its Tax liability, and (2) the amount of any other Tax

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credit, benefit or other similar item (a "Tax Benefit Item") used to reduce the Tax liability of any CCL Company or the CCL Group to the extent the Tax Benefit Item is attributable to the portion of the payment, loss, expense or other item indemnified against by Corning.

(iii) For purposes of determining whether any Tax deduction or Tax Benefit Item of any CCL Company attributable to the portion of a payment, loss, expense or other item indemnified against by Corning (a "Corning Deduction") is used to reduce the Tax liability of any CCL Company or the CCL Group, it shall be assumed that all losses and deductions of such CCL Company or the CCL Group (including carryforwards and carrybacks (unless otherwise excluded below) of net operating losses or other items) other than Corning Deductions are applied in reduction of such CCL Company's or the CCL Group's Tax liability before any Corning Deductions are so applied, except that Tax deductions and Tax Benefit Items attributable to the following items shall be deemed to be applied to reduce such CCL Company's or the CCL Group's Tax liability after using (in determining such Tax liability) all available Corning Deductions: (i) Special Events (as defined below), (ii) claims against which Corning has partially indemnified CCL pursuant to Section 3.01(c) (other than payments applied toward the $42,000,000 threshold specified in Section 3.01(c)) and (iii) carrybacks of losses or other Tax items from Tax years subsequent to the Tax year in which the amount indemnified against under Sections 3.01(b) or (3.01(c) is paid by Corning. Special Event shall mean a material event that is unusual in nature or occurs infrequently (but not both) and is unrelated to normal operations (including, without limitation, entering or exiting businesses, sales or other dispositions, litigation or regulatory settlements, restructuring reserves), but does not include operating items such as start-up expenses and receivable reserves. For this purpose, material means an event or series of related events involving amounts exceeding 5 percent of CCL's pre-tax income (determined on a consolidated basis).

(iv) Corning shall make estimated payments to CCL, or another party for the benefit of CCL, pursuant to Section 3.01(b) and Section 3.01(c) (the "Estimated Payments") which shall be calculated in good faith by CCL and Corning by taking into account the adjustments required by Section 3.02(d)(ii) and Section 3.01(d)(iii) to the extent practical (based on information available to the parties at the time the Estimated Payment is made as to the proper tax treatment of the item, CCL's projected Tax liability (including for estimated Tax payments), or losses for the year in which the Estimated Payment is made (without taking into account the use of Corning Deductions in future years), prior Tax return positions and other factors the parties deem relevant). Estimated Payments shall be paid by Corning (1) if paid to a CCL Company, as directed by CCL, within 15 business days after written notice from CCL to Corning indicating that the underlying obligation indemnified against by Corning has been paid by a CCL Company (which notice shall include any documentation reasonably requested by Corning establishing the amount and Tax treatment of such payment) or, (2) if paid directly by Corning for the benefit of a CCL Company, within 15 business days after written notice from CCL that the obligation has been settled or is otherwise due (which notice shall include to whom such payment should be made, the amount of the payment, an executed copy of the

settlement or other agreement and any other documentation reasonably requested by Corning establishing the amount and Tax treatment of such payment); provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent Corning shall have been actually prejudiced as a result of such failure.

(v) Within 60 business days following the close of the Tax year in which an Estimated Payment is made and each tax year thereafter until the Corning Deductions (as adjusted under Sections 3.01(d)(ii) and 3.01(d)(iii)) are fully used by the CCL Companies to reduce the Tax liability of the CCL Group or any CCL Member, CCL shall compute the amount by which any reduction in the Tax liability of a CCL Company or the CCL Group for such Tax year attributable to a Corning Deduction decreases the after-Tax indemnity payable by Corning under Sections 3.02(d)(ii) and (iii). CCL shall submit such computation in writing to Corning (together with such other documentation as is reasonably necessary to demonstrate how the reduction was computed) for review and approval by Corning, which approval shall not be unreasonably withheld, within 20 business days of the receipt by Corning of such computation prepared by CCL. If

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Corning does not approve of such computation and the parties cannot otherwise agree on such computation, then the disagreement shall be resolved under Section 3.01(d)(ix). Promptly following agreement by the parties as to the computation required under this paragraph, either CCL shall pay to Corning an adjusting payment if the amount of such after-Tax indemnity payable by Corning under Sections 3.01(d)(ii) and 3.01(d)(iii) is less than the aggregate amount of Estimated Payments made to CCL for such Tax year and prior years (net of any prior adjusting payments) or Corning shall pay to CCL an adjusting payment if the amount of such after-Tax indemnity payable by Corning under Section 3.02(d)(ii) and (iii) exceeds the aggregate amount of Estimated Payments made to CCL for such Tax year and prior years (net of any prior adjusting payments).

(vi) CCL shall consult with Corning and CCL and Corning shall determine the Tax treatment by any CCL Company or the CCL Group of any payment, loss, expense or other amount indemnified against by Corning under Section 3.01(b) or Section 3.01(c) provided that neither the CCL Group nor any CCL Company nor Corning shall be required to take a position on any Tax return for which there is no reasonable basis. If requested by CCL, Corning at its expense will provide CCL with an opinion of independent tax counsel selected by Corning (provided such counsel is not reasonably objected to by CCL) to the effect that there exists a reasonable basis for the treatment proposed by Corning as part of such determination. The parties shall report the payments consistent with the treatment as determined by them for Tax purposes.

(vii) If any payments are made by Corning pursuant to Section 3.01(b) or Section 3.01(c), and calculated and paid pursuant to this Section 3.01(d), and the amount of the after-Tax indemnity payable by Corning pursuant to such sections would have been different if the computation of such indemnification payment were made at a later time (because of final settlements or final dispositions of audit adjustments, administrative or judicial proceedings,

amended returns, utilization or disallowance of Corning Deductions in subsequent Tax periods or other reasons), then the amount of such indemnification shall be recomputed by CCL and Corning at such later time by taking into account such subsequent events and the parties shall make an adjusting payment between each other as is appropriate because of such recomputation within 15 business days of their agreement as to the amount of such adjusting payment.

(viii) (A) CCL shall notify Corning promptly (and in any event within 15 business days) after receipt by any CCL Company of written notice of any demand or claim by a Taxing authority relating to the Tax treatment of a payment, loss, expense or other item indemnified against by Corning under Section 3.01(b) or Section 3.01(c). Such notice shall contain factual information (to the extent known to any CCL Company) describing the asserted tax treatment in reasonable detail and shall include copies of any notice or other document received from any Taxing authority. If the Taxing authority proposes in writing an adjustment to a Corning Deduction, which adjustment if sustained would reduce the amount of a Corning Deduction or otherwise increase the amount indemnified against by Corning, CCL shall notify Corning promptly of such adjustment and of all action taken or proposed to be taken by the Taxing authority; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent Corning shall have been actually prejudiced as a result of such failure.

(B) If Corning requests within 30 days (or sooner if the nature of the proposed adjustment so requires) after CCL's notice that the proposed adjustment to a Corning Deduction be contested, CCL shall contest the proposed adjustment in good faith upon receipt of an opinion of independent tax counsel selected by Corning (provided such counsel is not reasonably objected to by CCL) to the effect that there exists a reasonable basis that CCL will prevail in such contest; provided, that (i) CCL shall be required to contest any proposed adjustment beyond the level of administrative proceedings only if the j aggregate amount of the proposed adjustment (exclusive of penalties, interest and additions to tax) exceeds $250,000, (ii) CCL shall determine the court of competent jurisdiction in which to contest the proposed adjustment either before or after payment of the Tax asserted to be payable as a result thereof, (iii) Corning shall control with counsel selected by Corning (provided such counsel is not reasonably objected to by CCL) the prosecution of any contested adjustment or asserted deficiency in respect of a Corning Deduction arising from an amount indemnified against by Corning under Section 3.01(b), and CCL shall control with counsel selected by CCL (provided such counsel is not reasonably objected to by Corning) the prosecution of any contested adjustment or asserted deficiency in respect of a Corning Deduction arising from an amount indemnified against by Corning under Section 3.01(c), (iv) the controlling party shall keep the other

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party informed as to the progress of any contest or litigation and, if requested by such other party, shall consult with such other party's tax counsel, and (v) the controlling party shall not settle, compromise or otherwise concede the adjustment or deficiency in respect of a Corning Deduction that the controlling party is contesting without the consent of the other party, which consent shall not be unreasonably withheld, provided, further, that any adverse

court determination will be required to be appealed only upon receipt of an additional opinion from independent tax counsel that there exists a reasonable basis that the appellate court will reverse such adverse determination. CCL shall not be required to take any action pursuant to this Section 3.01(viii)(B) in respect of a contesting Corning Deduction relating to an amount indemnified against by Corning under Section 3.01(b) unless Corning shall have agreed to pay (with no net after-Tax cost to CCL) all penalties, interest and additions to tax that CCL may incur in connection with contesting a proposed adjustment to such Corning Deduction. The controlling party shall pay all out-of-pocket expenses and other costs relating to a contest of an adjustment to a Corning Deduction ("Expenses"), including but not limited to fees for attorneys, accountants, expert witnesses or other consultants retained by (or selected or controlled by) the controlling party incurred at any time during which the controlling party is controlling and directing the proceeding in respect of which such fees are incurred; provided, however, that Corning shall pay CCL, in respect of a proceeding controlled by CCL that relates to or involves a proposed adjustment or asserted deficiency in respect of a Corning Deduction attributable to an amount indemnified against by Corning under Section 3.01(c), that proportion of the Expenses relating to the proceeding and involving such deduction as is equal to the ratio of (i) the amount of the adjustment or deficiency that relates to such Corning Deduction at issue in the proceeding and (ii) the total adjustments at issue in the proceeding that relate to claims by nongovernmental persons described in Section 3.01(c).

(C) If asserted liabilities unrelated to the matters contemplated herein become grouped with contests arising hereunder, the parties shall use their respective best efforts to cause the contest arising hereunder to be the subject of a separate proceeding. If such severance is not possible, Corning shall control only the prosecution of any contested adjustment or asserted deficiency in respect of a Corning Deduction arising from an amount indemnified against by Corning under Section 3.01(b), and CCL shall have sole discretion to determine the court of competent jurisdiction in which to contest the proposed adjustment either before or after payment of the tax asserted to be payable, provided that CCL shall not settle, compromise or otherwise concede any such contested adjustment or asserted deficiency without the consent of Corning, which consent shall not be unreasonably withheld. If CCL pays a disputed amount of Taxes resulting from a disallowed Corning Deduction arising from an amount indemnified against by Corning under Section 3.01(b) or Section 3.01(c), and brings suit for refund, Corning shall advance the disputed amount of Taxes (but only to the extent of the portion of such disputed Taxes as is attributable to the disallowance of such Corning Deduction) to CCL within 15 business days of such payment by CCL. If CCL subsequently receives a refund or credit, of all or a part of the amount of disputed Taxes advanced by Corning, CCL shall promptly pay (and in any event within 15 business days) to Corning an amount equal to the portion of such refund or credit attributable to a Corning Deduction together with any interest received (including by offset) by CCL from the Taxing authority with respect to such portion. With respect to matters arising hereunder controlled by Corning, and where deemed necessary by Corning, CCL shall itself, and shall compel any

CCL Subsidiary to, authorize by appropriate powers of attorney such persons as Corning shall designate to represent CCL, or such CCL Subsidiary, with respect to such matters.

(ix) If Corning and CCL are unable to agree on the proper calculation or treatment of a payment or other obligation, a Tax deduction or Tax Benefit Item or any other item described in this Section 3.01(d), then such disputed item or items shall be resolved by a nationally recognized accounting or law firm chosen and mutually acceptable to both parties. Such accounting or law firm shall resolve the dispute within 30 days of having the item or items referred to it and such resolution shall be binding on the parties. The costs, fees and expenses of the accounting or law firm shall be borne equally by

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Corning and CCL. In the event the parties are not able to agree on an accounting or law firm, each party shall select its own nationally recognized law firm (and bear the costs, fees and expenses thereof) and such law firms shall select a nationally recognized accounting or law firm which accounting or law firm shall be deemed to be mutually acceptable to both parties for the purpose of applying this provision. Nothing in this Section 3.01(d) shall require either party to take any position on a Tax return or for Tax purposes for which there is no reasonable basis.

(x) All payments under Sections 3.01(b), 3.01(c) and 3.01(d) shall be made without gross-up for Taxes, except if (A) the Tax liability of Corning or a consolidated or combined group which has Corning as a member and which does not have CCL as a member (the "Corning Group") is actually reduced by a Tax deduction attributable to the payment by Corning of an amount indemnified against by Corning under Sections 3.01(b) or 3.01(c) in any tax year that ends after the Distribution Date because such payment is properly treated as an deduction against ordinary income for Corning or the Corning Group in computing its Taxable income for such year (a "CCL Payment Deduction") and (B) the Tax Liability of any CCL Company or the CCL Group for such year is actually increased by such payment because such payment is properly treated as an item of ordinary income for any CCL Company or the CCL Group, then Corning shall pay to CCL an amount equal to the lesser of the amount of such Corning Tax reduction and the amount of such CCL Tax increase, within 15 business days after the parties agree on the amount of the Corning Tax reduction and CCL Tax increase, provided, however, any payment by Corning to CCL shall be net of Taxes imposed on Corning or the Corning Group in respect of amounts paid by CCL to Corning under Section 3.01(d). For purposes of computing a Corning Tax increase, it shall be assumed that all losses and deductions other than the CCL Payment Deduction are applied to reduce the Tax Liability of Corning or the Corning Group before the CCL Payment Deduction is so applied.

(e) Notwithstanding anything to the contrary in this agreement, Corning shall not indemnify, defend or hold harmless CCL or any Subsidiary of CCL against (x) costs and expenses relating to the investigations or claims referred to in Sections 3.01(b) and (c) (including, without limitation, fees and expenses of attorneys, consultants and other agents of CCL or any Subsidiary of CCL), or (y) losses of revenues or profits that may arise as a consequence of the claims or investigations referred to in Sections 3.01(b) or 3.01(c) or the

settlements entered into or judgments rendered as a result thereof or as a consequence of any exclusion from participation in any federal or state health care program, or (z) any other consequential or incidental damages that may be incurred by CCL or any Subsidiary of CCL, in each case which relates to the billing of any person or any beneficiary of such person by CCL, any Subsidiary of CCL or any past or present subsidiary of CLSI (or any of their predecessors) for services provided to any such person or beneficiary thereof by CCL, any Subsidiary of CCL or any past or present subsidiary of CLSI (or any of their predecessors).

(f) All indemnification obligations of Corning pursuant to this Section 3.01 may be made or assumed by an Affiliate of Corning to the extent deemed necessary or desirable by Corning in its sole discretion; provided, however, that Corning shall remain liable for such obligations.

SECTION 3.02. Indemnification by CCL. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, CCL shall indemnify and hold harmless the Corning Indemnitees and the Covance Indemnitees from and against any and all Indemnifiable Losses of the Corning Indemnitees and the Covance Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the CCL Liabilities or (ii) the breach by CCL of any provision of this Agreement or any Ancillary Agreement; provided, however, that CCL is under no obligation to indemnify or hold harmless Corning from and against any Indemnifiable Losses arising out of, or by reason of or otherwise in connection with any and all monetary payments by Corning in respect of (i) the investigations or claims referred to in Section 3.01(b) or (ii) claims referred to in Section 3.01(c) as to which no CCL Indemnitee is a party.

SECTION 3.03. Indemnification by Covance. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, Covance shall indemnify and hold harmless the Corning Indemnitees and the CCL Indemnitees from and against any and all Indemnifiable Losses of the Corning Indemnities and the CCL Indemnitees, respectively, arising out of, by

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reason of or otherwise in connection with (i) the Covance Liabilities or (ii) the breach by Covance of any provision of this Agreement or any Ancillary Agreement.

SECTION 3.04. Adjustments for Indemnification Obligations. If the amount that any party (an "Indemnifying Party") is or may be required to pay to any other person (an "Indemnitee") pursuant to Section 3.01, Section 3.02 or Section 3.03, as applicable, shall, at any time subsequent to the payment required by this Agreement, be reduced by insurance or other recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the Indemnitee to the Indemnifying Party, up to the aggregate amount of any payments received from such Indemnifying Party pursuant to this Agreement in respect of such Indemnifiable Loss.

SECTION 3.05. Procedures for Indemnification - Third Party Claims. If a claim or demand is made against an Indemnitee by any person who is not a party to this Agreement (a "Third Party Claim") as to which such Indemnitee is entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within 15 business days) after receipt by such Indemnitee of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure (except that the Indemnifying Party shall not be liable for any expenses incurred during the period in which the Indemnitee failed to give such notice).

If a Third Party Claim is made against an Indemnitee, the Indemnifying Party shall be entitled to participate in the defense thereof and, in the case of an Indemnifying Party's obligation to indemnify the Indemnitee pursuant to Section 3.01(a), Section 3.01(b), Section 3.02 or Section 3.03, if the Indemnifying Party so chooses and acknowledges in writing its obligation to indemnify the Indemnitee therefor, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party shall not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party so elects to assume the defense of any Third Party Claim, all of the Indemnitees shall cooperate with the Indemnifying Party in the defense or prosecution thereof.

If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, then in no event will the Indemnitee admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent, which consent shall not be unreasonably withheld or delayed; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third Party Claim without the consent of the Indemnifying Party if the Indemnitee releases the Indemnifying Party from its indemnification obligation hereunder with respect to such Third Party Claim and such settlement, compromise or discharge would not otherwise adversely affect the Indemnifying Party. If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, the Indemnitee will agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend which by its terms (i) obligates the Indemnifying Party to pay the full amount of its indemnification obligation in connection with such Third Party Claim and (ii) releases the Indemnitee completely in

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connection with such Third Party Claim and which would not otherwise adversely affect the Indemnitee; and provided further that the Indemnitee may refuse to agree to any such proposed settlement, compromise or discharge if the Indemnitee agrees that the Indemnifying Party's indemnification obligation with respect to such Third Party Claim shall not exceed the amount that would be required to be paid by or on behalf of the Indemnifying Party in connection with such proposed settlement, compromise or discharge.

Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnitee in defending such Third Party Claim) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee which the Indemnitee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

The provisions contained in Section 3.01(d) shall control in the situations described particularly in that section.

SECTION 3.06. Survival of Indemnities. The obligations of Corning, CCL and Covance under this Article III shall survive the sale or other transfer by any of them of any assets or businesses, with respect to any Indemnifiable Loss of any Indemnitee related to such assets or businesses.

SECTION 3.07. Payments. All payments under this Agreement shall be made without gross-up for Taxes except as provided in Section 3.01(d)(x).

ARTICLE IV
ACCESS TO INFORMATION

SECTION 4.01. Provision of Corporate Records. From and after the Distribution Date, upon the prior written request by Corning, CCL or Covance for specific and identified agreements, documents, books, records or files (collectively, "Records") relating to or affecting Corning, CCL or Covance, as applicable, Corning, CCL or Covance, as the case may be, shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or other originals thereof if the party making the request has a reasonable need for such originals) then in the possession of Corning, CCL or Covance, as the case may be, or any of their Subsidiaries, but only to the extent such items are not already in the possession of the requesting party; provided, however, that nothing in this Section 4.01 shall obligate a party to retain any records except to the extent required by

law or by an Ancillary Agreement or to provide Records if the party reasonably determines that such provision of Records would prevent it from claiming that the Records were privileged or otherwise not subject to disclosure in any Action.

SECTION 4.02. Access to Information. (a) From and after the Distribution Date, each of Corning, CCL and Covance shall afford to the other and its authorized accountants, counsel and other designated representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the personnel, properties, books and records of such party and its Subsidiaries insofar as such access is reasonably required by the other party.

(b) For a period of five years following the Distribution Date, each of Corning, CCL and Covance shall provide to the other, promptly following such time at which such documents shall be filed with the Commission, all documents that shall be filed by it and by any of its respective Subsidiaries with the Commission pursuant to the periodic and interim reporting requirements of the Exchange Act, and the rules and regulations of the Commission promulgated thereunder.

SECTION 4.03. Reimbursement. Except to the extent otherwise contemplated by any Ancillary Agreement, a party providing Records or access to information to the other party under this Article IV shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments

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for such amounts, relating to supplies, disbursement and other out-of-pocket expenses, as may be reasonably incurred in providing such Records or access to information.

SECTION 4.04. Confidentiality. (a) Each of (i) Corning and its Subsidiaries, (ii) CCL and its Subsidiaries and (iii) Covance and its Subsidiaries shall not use or permit the use of (without the prior written consent of the other) and shall hold, and shall cause its directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, all information concerning the other parties in its possession, its custody or under its control (except to the extent that (x) such information has been in the public domain through no fault of such party, (y) such information has been later lawfully acquired from other sources by such party or (z) this Agreement, any Ancillary Agreement or any other agreement entered into pursuant hereto permits the use or disclosure of such information) to the extent such information (i) was obtained prior to or relates to periods prior to the Effective Time, (ii) relates to any Ancillary Agreement or (iii) is obtained in the course of performing services for the other party pursuant to any Ancillary Agreement, and each party shall not (without the prior written consent of the other) otherwise release or disclose such information to any other person, except such party's auditors and attorneys, unless compelled to disclose such information by judicial or administrative process or unless such disclosure is required by law and such party has used commercially reasonable efforts to consult with the other affected party or parties prior to such disclosure.

(b) To the extent that a party hereto is compelled by judicial or administrative process to disclose otherwise confidential information under circumstances in which any evidentiary privilege would be available, such party agrees to assert such privilege in good faith prior to making such disclosure. Each of the parties hereto agrees to consult with each relevant other party in connection with any such judicial or administrative process, including, without limitation, in determining whether any privilege is available, and further agrees to allow each such relevant party and its counsel to participate in any hearing or other proceeding (including, without limitations, any appeal of an initial order to disclose) in respect of such disclosure and assertion of privilege.

ARTICLE V
DISPUTE RESOLUTION

SECTION 5.01. Good Faith Negotiations. In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement, including, without limitation, any claim based on contract, tort or statute (collectively, "Agreement Disputes"), the general counsels of the relevant parties shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute.

SECTION 5.02. Procedure. If after such reasonable period such general counsels are unable to settle such Agreement Dispute (and in any event after 60 days have elapsed from the time the relevant parties began such negotiations), such Agreement Dispute shall be determined, at the request of any relevant party, by arbitration conducted in New York City, before and in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association (the "Rules"), and any judgment or award rendered by the arbitrator shall be final, binding and nonappealable (except upon grounds specified in 9 U.S.C. ss. 10(a) as in effect on the date hereof), and judgment may be entered by any state or federal court having jurisdiction thereof in accordance with Section 6.16 hereof. Unless the arbitrator otherwise determines, the pre-trial discovery of the then-existing Federal Rules of Civil Procedure and the then-existing Rules 46 and 47 of the Civil Rules for the United States District Court for the Southern District of New York shall apply to any arbitration hereunder. Any controversy concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article V shall be determined by the arbitrator. The arbitrator shall be a retired or former judge of any United States District Court or Court of Appeals or such other qualified person as the relevant parties may agree to designate, provided, however, such individual has had substantial professional experience with regard to settling sophisticated commercial disputes. The parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The designation of a situs

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or a

governing law for this Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In his or her award the arbitrator shall allocate, in his or her discretion, among the parties to the arbitration all costs of the arbitration, including, without limitation, the fees and expenses of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The undersigned agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceedings becoming final under the Rules. The arbitrator shall be entitled if appropriate, to award any remedy in such proceedings, including, without limitation, monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award punitive damages.

ARTICLE VI
GENERAL PROVISIONS

SECTION 6.01. Expenses. Except as otherwise set forth in this Agreement or any Ancillary Agreement, each of Corning, CCL and Covance shall bear its own costs and expenses incurred on or prior to the Distribution Date (whether or not paid on or prior to the Distribution Date) in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Information Statement, the Registration Statements and the Distributions and the consummation of the transactions contemplated thereby and the parties to this Agreement shall agree on an equitable allocation of costs and expenses where any item is not clearly allocable to Corning, CCL or Covance. Except as otherwise set forth in this Agreement or any Ancillary Agreement, each party shall bear its own costs and expenses incurred after the Distribution Date.

SECTION 6.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.02) listed below (with copies to Shearman & Sterling at 599 Lexington Avenue, New York, New York 10022, Attn: Creighton Condon):

(a) To Corning Incorporated:

One Riverfront Plaza
Corning, New York 14831
Telecopy: (607) 974-8656

Attn: General Counsel

(b) To CCL:

One Malcolm Avenue
Teterboro, New Jersey 07608
Telecopy: (201) 462-4795

Attn: General Counsel

(c) To Covance:

210 Carnegie Center
Princeton, New Jersey 08540-6233
Telecopy: (609) 452-9865

Attn: General Counsel

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SECTION 6.03. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, and the Ancillary Agreements shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof and thereof. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, such Ancillary Agreement shall control.

SECTION 6.04. Ancillary Agreements. This Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

SECTION 6.05. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 6.06. Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date.

SECTION 6.07. Waiver. The parties to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or parties, (b) waive any inaccuracies in the representations and warranties of the other party or parties contained herein or in any document delivered by the other party or parties pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party or parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

SECTION 6.08. Amendments. Subject to the terms of Section 6.11 hereof, this Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties or (b) by a waiver in accordance with Section 6.07.

SECTION 6.09. Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of the other parties (which consent may be granted or withheld in the sole discretion of the parties), and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void.

SECTION 6.10. Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

SECTION 6.11. Termination. This Agreement (including, without limitation, Article III hereof) may be terminated and the Distributions may be amended, modified or abandoned at any time prior to the Distributions by and in the sole discretion of Corning without the approval of CCL or Covance or the shareholders of Corning. In the event of such termination, no party shall have any liability of any kind to any other party or any other person. After the Distributions, this Agreement may not be terminated except by an agreement in writing signed by the parties; provided, however, that Article III shall not be terminated or amended after the Distributions in respect of the third party beneficiaries thereto without the consent of such persons.

SECTION 6.12. Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations

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set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

SECTION 6.13. Third Party Beneficiaries. Except as provided in Article III relating to Indemnitees, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective Subsidiaries, Affiliates and assigns and nothing herein, express or implied, is intended to or shall confer upon any third parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 6.14. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 6.15. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

SECTION 6.16. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. Without limiting the provisions of Article V, all actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any New York state or federal court sitting in the City of New York.

SECTION 6.17. Public Announcements. (a) Prior to the Effective Time, neither CCL nor Covance shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of Corning.

(b) Following the Effective Time, no party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without prior consultation with the other parties, and the parties shall cooperate as to the timing and contents of any such press release or public announcement.

SECTION 6.18. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely

as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CORNING INCORPORATED

by________________________________
Name:
Title:

CORNING LIFE SCIENCES INC.

by_________________________________
Name:

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Title:

CORNING CLINICAL LABORATORIES INC.
(Delaware)

by___________________________________
Name:
Title:

COVANCE INC.

by___________________________________
Name:
Title:

CORNING CLINICAL LABORATORIES INC.
(Michigan)

by___________________________________
Name:
Title:

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EXECUTION VERSION

TAX SHARING AGREEMENT

This TAX SHARING AGREEMENT (this "Agreement") is dated as of December 16, 1996, by and among CORNING INCORPORATED, a New York corporation ("Corning"), CORNING CLINICAL LABORATORIES INC. (to be renamed Quest Diagnostics Incorporated), a Delaware corporation ("CCL"), and COVANCE INC., a Delaware corporation ("Covance").

W I T N E S S E T H

WHEREAS, Corning is the common parent of an affiliated group of corporations which includes CCL and Covance and which group and the members thereof file consolidated federal income tax returns as well as certain consolidated, combined or unitary state tax returns;

WHEREAS, the Board of Directors of Corning has determined that it is appropriate and desirable to effect the Distributions as defined in and pursuant to a Transaction Agreement dated as of November 22, 1996, between Corning, Corning Life Sciences Inc., a Delaware corporation ("CLSI"), CCL, and Covance (the "Transaction Agreement"), subject to the satisfaction or waiver of the conditions set forth in the Transaction Agreement; and

WHEREAS, the parties hereto desire to set forth their agreements with regard to their respective liabilities for federal, state, local and foreign taxes for periods before and after the Distributions and to provide for certain other tax matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.01. General. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, will control, or will be controlled by or will be under common control with the person specified immediately following the Distribution Date.

"Agreement" shall have the meaning described in the above preamble.

"Carryback Item" shall have the meaning as described in Section 5.01(b) below.

"CCL" shall have the meaning as described in the preamble to this Agreement.

"CCL Companies" shall mean, collectively, CCL and each Subsidiary of CCL,

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other than Covance and any Subsidiary of Covance.

"CCL Distribution" shall mean the distribution by Corning to the Corning shareholders of the stock of CCL as more particularly described in the Transaction Agreement.

"CCL Domestic Companies" shall mean, collectively, each CCL Company incorporated or organized under the laws of one of the respective States of the United States.

"CCL Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which CCL is the common parent, not including Covance or any member of the Covance Group and determined as if the capital stock of CCL is widely held.

"CCL Returns" shall have the meaning as described in Section 2.03 below.

"CCL Return Period" shall mean a taxable period to which this Agreement applies and for which a CCL Return is filed.

"CCL Separate Liability" shall have the meaning as described in Section 4.01.

"CI Consolidated Return" shall mean any consolidated federal income tax return or amendment thereof of the CI Group which includes one or more of the CCL Domestic Companies or the Covance Domestic Companies.

"CI Consolidated Return Period" shall mean a taxable period to which this Agreement applies and for which a CI Consolidated Return is filed.

"CI Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Corning is the common parent.

"CI Group Benefit Amount" shall have the meaning as described in Section 4.04(b) hereof. "CI State, Local and Foreign Returns" shall have the meaning as described in Section 2.02 below.

"CI State, Local and Foreign Return Period" shall mean a taxable period to which this Agreement applies and for which a CI State, Local and Foreign Return is filed.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Corning" shall have the meaning as described in the preamble to this Agreement.

"Corning Subsidiary" shall mean any subsidiary of Corning other than any of the Covance Companies and the CCL Companies.

"Covance" shall have the meaning as described in the preamble to this Agreement.

"Covance Companies" shall mean, collectively, Covance and each Subsidiary of Covance.

"Covance Distribution" shall mean the distribution by CCL to the CCL shareholders of the stock of Covance as more particularly described in the Transaction Agreement.

"Covance Domestic Companies" shall mean, collectively, each Covance Company incorporated or organized under the laws of one of the respective States of the United States.

"Covance Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Covance is the common parent and determined as if the capital stock of Covance is widely held.

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"Covance Returns" shall have the meaning as described in Section 2.04 below.

"Covance Return Period" shall mean a taxable period to which this Agreement applies and for which a Covance Return is filed.

"Covance Separate Liability" shall have the meaning as described in Section 4.01 below.

"Distributions" shall mean the CCL Distribution, the Covance Distribution and any transfers relating to the CCL Distribution or the Covance Distribution.

"Distribution Date" shall have the meaning as described in the Transaction Agreement.

"IRS" shall mean the Internal Revenue Service.

"IRS Penalty Rate" small mean the rate of interest imposed from time to time on underpayments of income tax pursuant to Code section 6621.

"IRS Ruling" shall mean the ruling issued by the IRS which states the tax treatment of the Distributions and related transactions.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Separate Covance/CCL Liability" shall have the meaning as described in Section 4.02 below.

"Separate Returns" shall have the meaning as described in Section 2.04 below.

"Spin-Off Tax Indemnification Agreements" shall mean the Spin-Off Tax Indemnification Agreements dated of even date herewith between or among two or more of Corning, CCL and Covance.

"Subsidiary" shall have the meaning as described in the Transaction Agreement.

"Tax" or "Taxes" shall mean all federal, state, local and foreign gross or net income, gross receipts, withholding, franchise, transfer, estimated or other tax or similar charges and assessments, including all interest, penalties and additions imposed with respect to such amounts.

"Temporary Differences" attributable to any entity shall mean (a) any single item of income or deduction in a CI Consolidated Return in respect of any tax period that should reverse in one or more subsequent tax periods assuming proper tax treatment and no change in law or in the tax accounting policies of such entity (each an "Originating Temporary Difference") or (b) the partial or complete reversal of an Originating Temporary Difference.

"Transaction Agreement" shall have the meaning as described on page 1 of this Agreement.

SECTION 1.02. CLSI. For all tax periods ending before or on the Distribution Date, references herein to CCL shall include CLSI.

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ARTICLE 2

TAX RETURN FILING

SECTION 2.01. CI Consolidated Returns. Corning shall prepare and file with the IRS all CI Consolidated Returns and amendments thereto required to be filed by the CI Group for all tax periods beginning before or on the Distribution Date. Such returns shall include all income, gains, losses, deductions and credits of the CCL Domestic Companies and the Covance Domestic Companies. Corning shall make all decisions relating to the preparation and filing of such returns, subject to the approval of CCL and Covance, which approval shall not be withheld unless no reasonable basis exists for the decisions made by Corning in respect of such return. CCL and Covance further agree to, and respectively agree to compel the CCL Domestic Companies and the Covance Domestic Companies to, file or join in the filing of such authorizations, elections, consents and other documents, and take such other actions as may be necessary or appropriate, in the opinion of Corning, to carry out the purposes and intent of this Section 2.01, provided that such actions are not inconsistent with this Agreement or the Spin-Off Tax Indemnification Agreements. CCL and Covance each shall furnish Corning at least sixty (60) days before the due date (including extensions) of any such CI Consolidated Return with its completed section of such CI Consolidated Return, prepared in accordance with this Agreement, in accordance with instructions from Corning and in a manner consistent with prior returns, except to the extent otherwise required by the Spin-Off Tax Indemnification Agreements. CCL and Covance each shall also furnish Corning work papers and other such information and documentation as is reasonably requested by Corning with respect to the CCL Companies and the Covance Companies. At Corning's request, major items of income, deduction, gain and loss selected by Corning for inclusion in the CI Consolidated Returns and relating to CCL Domestic Companies and Covance Domestic Companies shall have been

reviewed and approved prior to submission to Corning by a nationally recognized accounting firm or law firm with expertise sufficient to address the issues presented mutually acceptable to Corning and the party or parties submitting such information. Corning and the other party or parties submitting such information shall each pay an equal share of the cost of such review.

SECTION 2.02. CI State, Local and Foreign Returns. For any taxable period beginning before or on the Distribution Date, Corning will prepare and file all combined, consolidated or unitary state, local or foreign income or franchise tax returns which are required to be filed by Corning or a Corning Subsidiary and which include the operations conducted before or as of the Distribution Date by (i) any of the CCL Companies or the Covance Companies, and (ii) Corning or any Corning Subsidiary (herein, together with such returns filed for previous periods, "CI State, Local and Foreign Returns"). Corning will timely advise CCL and Covance of the inclusion of any of the CCL Companies and the Covance Companies in any CI State, Local and Foreign Returns and the jurisdictions in which such returns will be filed, which inclusion will not be inconsistent with

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prior CI State, Local and Foreign Returns unless required by applicable law. CCL and Covance will, and respectively will compel each of the CCL Companies and Covance Companies whose tax information is included in any CI State, Local and Foreign Return to, evidence its agreement to be included in such return on the appropriate form and take such other action as may be appropriate, in the opinion of Corning, to carry out the purposes and intent of this Section 2.02, provided that such actions are not inconsistent with this Agreement or the Spin-Off Tax Indemnification Agreements. CCL and Covance each shall furnish Corning at least sixty (60) days before the due date (including extensions) of any such CI State, Local and Foreign Return with a final copy of the information necessary for Corning to complete such CI State, Local and Foreign Return, prepared in accordance with instructions from Corning and in a manner consistent with prior returns, except to the extent otherwise required by the Spin-Off Tax Indemnification Agreements. CCL and Covance each shall also furnish Corning work papers and other such information and documentation as is reasonably requested by Corning.

2.03 CCL Returns. For any taxable period beginning before or on the Distribution Date, CCL will prepare and file all combined, consolidated or unitary state, local or foreign income or franchise tax returns which are required to be filed separately by CCL or any Subsidiary of CCL, and which include the operations conducted before or as of the Distribution Date by any of the CCL Companies and any of the Covance Companies (herein, together with such returns filed for previous periods, "CCL Returns"). CCL will timely advise Covance of the inclusion of any of the Covance Companies in any CCL Returns and the jurisdictions in which such returns will be filed, which inclusion will not be inconsistent with prior CCL Returns unless required by applicable law. Covance will, and will compel each of the Covance Companies whose tax information is included in any CCL Return to, evidence its agreement to be included in such return on the appropriate form and take such other action as may be appropriate, in the opinion of CCL, to carry out the purposes and intent of this Section 2.03, provided that such actions are not inconsistent with this Agreement or the Spin-Off Tax Indemnification Agreements. Covance shall furnish CCL at least sixty (60) days before any CCL Return is due (with extensions) with a final copy of the information necessary for CCL to complete such CCL Return, prepared in accordance with instructions from CCL and in a manner consistent with prior returns, except to the extent otherwise required by the Spin-Off Tax Indemnification Agreements. Covance shall also furnish CCL work papers and other such information and documentation as is requested by CCL.

2.04 Separate Returns. For any taxable period ending before, on or after the Distribution Date, each of Corning, CCL and Covance will prepare and file all respective separate combined, consolidated or unitary state, local or foreign income or franchise tax returns which are required to be filed separately by such party and not otherwise described in Section 2.01, 2.02 or 2.03 above (herein, together with such returns filed for previous periods, "Separate Returns").

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ARTICLE 3

TAX LIABILITY

SECTION 3.01. Corning Liability. Except to the extent otherwise provided herein and in the Spin-Off Tax Indemnification Agreements, for each CI Consolidated Return Period and each CI State, Local and Foreign Return Period, Corning shall be liable for and indemnify CCL and Covance against all taxes due in respect of all CI Consolidated Returns and all CI State, Local and Foreign Returns, subject to reimbursement from CCL and Covance respectively as contemplated by Article 4.

SECTION 3.02. State, local and foreign and separate return liability. Except to the extent otherwise provided herein and in the Spin-Off Tax Indemnification Agreements, (a) Corning will pay all taxes due on CI State, Local and Foreign Returns, subject to appropriate reimbursement by CCL and Covance respectively for liabilities for state, local and foreign returns as contemplated by Article 4; (b) CCL will pay all taxes due on returns required to be filed by CCL by Sections 2.03 and 2.04 hereof, subject to appropriate reimbursement by Covance as contemplated by Article 4; and (c) Covance will pay all taxes due on returns required to be filed by Covance by Section 2.04 hereof.

SECTION 3.03. Taxes resulting from the failure of either Distribution. In the event that either the CCL Distribution or the Covance Distribution shall fail to qualify for the tax treatment stated in the IRS Ruling, for reasons other than those indemnified against in the Spin-Off Tax Indemnification Agreements, any and all Taxes imposed upon or incurred by Corning, CCL or Covance as a result of such failure (including any liability of Corning, CCL or Covance arising from Taxes imposed on shareholders of Corning, CCL or Covance to the extent any such shareholders successfully seek recourse against Corning, CCL or Covance on account of such failure, or any liability for such Taxes which Corning, CCL or Covance may assume or otherwise provide for) shall be allocated among Corning, CCL and Covance in such a manner as will take into account the extent to which the actions or inactions before, on or after the Distribution Date of each of Corning, CCL, Covance and their respective Affiliates may have contributed to such failure, and Corning, CCL and Covance each shall indemnify

and hold harmless the other from and against the Taxes so allocated to Corning, CCL and Covance, respectively. In determining the extent to which Corning, CCL and Covance may have contributed to such failure, all facts and circumstances shall be taken into account. If it is determined that none of Corning, CCL or Covance contributed to the failure of such Distribution to qualify for the tax treatment stated in the IRS Ruling, the liability of Corning, CCL and Covance under this Section 3.03 shall be borne by each corporation in proportion to their relative average market capitalization as determined by the average closing price for each of Corning, CCL and Covance common stock during the 20

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trading-day period immediately following the Distribution Date. Any payments to be made by any of Corning, CCL or Covance to another pursuant to this Section 3.03 shall be made in immediately available funds within ten (10) days of the receipt of notice that a payment requiring indemnification under this Section 3.03 has been made (or is required to be made), or if there is disagreement among the parties as to the amount or existence of liability under this Section 3.03, within ten (10) days of the resolution of such disagreement.

ARTICLE 4

SEPARATE LIABILITY

SECTION 4.01. Separate Federal Liability Computation. For all tax periods beginning after December 31, 1995, for which CI Consolidated Returns have not been filed by Corning as of the Distribution Date and in respect of which Corning is required to file a CI Consolidated Return, CCL and Covance respectively shall compute the CCL Separate Liability and the Covance Separate Liability for the portion of such periods in which the CCL Domestic Companies and the Covance Domestic Companies respectively are members of the CI Group. "CCL Separate Liability" in respect of any CI Consolidated Return Period means the federal income tax liability (including CCL's share of Corning's alternative minimum tax if Corning is subject to alternative minimum tax for such CI Consolidated Return Period, not to exceed Corning's consolidated alternative minimum tax for such period) computed as of December 31, 1996, as if CCL had filed a consolidated federal income tax return for the CCL Group in

respect of such CI Consolidated Return Period. "Covance Separate Liability" in respect of any CI Consolidated Return Period means the federal income tax liability (including Covance's share of Corning's alternative minimum tax if Corning is subject to alternative minimum tax for such CI Consolidated Return Period, not to exceed Corning's consolidated alternative minimum tax for such period) computed as of December 31, 1996, as if Covance had filed a consolidated federal income tax return for the Covance Group in respect of such CI Consolidated Return Period. If, in computing the CCL Separate Liability or the Covance Separate Liability, CCL or Covance calculates that the CCL Group or the Covance Group, respectively, would experience a net operating loss resulting in no federal income tax liability as of December 31, 1996, the CCL Separate Liability or the Covance Separate Liability, as the case may be, shall be equal to a credit amount calculated by Corning and equal to the reduction in the Federal income tax liability of the CI Group by reason of the use of such net operating loss of the CCL Group or the Covance Group, as the case may be, in the CI Consolidated Return that Corning projects to be filed in respect of such period. Except as may otherwise be required by the Spin-Off Tax Indemnification Agreements, computations in respect of the CCL Separate Liability and the Covance Separate Liability shall be consistent with prior CI Group returns, shall follow the tax elections and other tax positions adopted or prescribed by Corning and shall take into account the adjustments and modifications set forth in Section 4.03; provided, however, that the Tax Director and/or General Counsel

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of each of Corning and CCL or Covance, as the case may be, shall negotiate reasonable modifications or alternatives to such requirements in the event that either CCL or Covance, as the case may be, reasonably determines that such elections, positions, adjustments or modifications would have a materially detrimental effect on the tax obligations of CCL or Covance, as the case may be, in respect of the current or any subsequent tax period.

SECTION 4.02. Separate Covance/CCL Liability Computation. For all tax periods beginning after December 31, 1995, for which CCL Returns have not been filed by CCL as of the Distribution Date and in respect of which CCL is required to prepare and file a CCL Return, Covance shall compute the Separate Covance/CCL Liability for the portion of such

periods in which the Covance Companies respectively are subsidiaries of CCL. "Separate Covance/CCL Liability" in respect of any tax period means the state, local and foreign tax liability computed as of December 31, 1996, as if Covance had filed consolidated combined or unitary state, local and foreign tax returns with the Covance Companies in respect of such tax period. Except as may otherwise be required by the Spin-Off Tax Indemnification Agreements, computations in respect of the Separate Covance/CCL Liability shall be consistent with any prior CCL Returns, shall follow the tax elections, positions, adjustments and modifications adopted or prescribed by CCL and take into account adjustments and modifications similar to those set forth in Section 4.03; provided, however, that the Tax Director and/or General Counsel of each of CCL and Covance shall negotiate reasonable modifications or alternatives to such requirements in the event that Covance reasonably determines that such elections, positions, adjustments or modifications would have a materially detrimental effect on the tax obligations of Covance in respect of the current or any subsequent tax period.

SECTION 4.03. Adjustments. In computing the liabilities under Sections 4.01 and 4.02, CCL and Covance respectively shall take into account the following adjustments and modifications:

(i) Dividends from any member of the CI Group shall be eliminated;

(ii) Gains or losses on intercompany transactions and intercompany distributions between any members of the CI Group shall be deferred and recognized pursuant to Treas. Reg. ss.ss. 1.1502-13 and 1.1502-14 and Code Section 267 and the regulations thereunder;

(iii) All carryforwards of tax credits (except the minimum tax credit), net operating losses, capital losses, charitable contributions and other similar items shall be determined consistent with prior CI Consolidated Returns;

(iv) All ordinary income shall be subject to tax at the highest tax rate applicable to taxable ordinary income of corporations;

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(v) Any exemption or similar item that must be prorated or apportioned among the component members of a controlled group of corporations shall not be taken into account; and

(vi) Other adjustments specified by Corning shall be made.

SECTION 4.04. Payments. In respect of each period for which liabilities are required to be calculated pursuant to Section 4.01, CCL and Corning shall provide for payments in respect of the CCL Separate Liability and Covance and Corning shall provide for payments in respect of the Covance Separate Liability, in each case effective as of December 31, 1996. In respect of each period for which liabilities are required to be calculated pursuant to Section 4.02, Covance and CCL shall provide for payments in respect of the Separate Covance/CCL Liability, effective as of December 31, 1996.

SECTION 4.05. Discrepancies. (a) To the extent that the liabilities calculated pursuant to Section 4.01 are not equal to the liabilities reported on the actual tax returns filed in respect of the periods contemplated therein: (i) Corning shall be liable for and shall indemnify and hold harmless the other parties hereto against all liabilities and claims and shall receive all benefits and refunds arising in respect of such differences that do not relate to Temporary Differences attributable to CCL or Covance and (ii) CCL or Covance, as the case may be, shall be liable for, make payment to Corning in respect of, and indemnify and hold harmless the other parties hereto against all liabilities and claims and shall receive all benefits and refunds arising in respect of such differences that relate to Temporary Differences attributable to CCL or Covance, respectively, in accordance with Section 7.01(b).

(b) To the extent that the liabilities calculated pursuant to Section 4.02 are not equal to the liabilities reported on the actual tax returns filed in respect of the periods contemplated therein, Covance shall be liable for, make payment to CCL in respect of, and indemnify and hold harmless the other parties hereto against all liabilities and claims where such actual liabilities are greater than the liabilities calculated under Section 4.02 and shall receive all benefits and refunds arising in respect of such differences attributable to Covance where such actual liabilities are less than the liabilities calculated under Section 4.02..

(c) Payments to be made to Corning ,CCL or Covance in respect of obligations arising under this Section 4.04 shall be made no later than five days before the due date (without extensions) of the actual return to be filed.

SECTION 4.06. State and local returns. The liabilities of CCL and the CCL Companies and Covance and the Covance Companies with respect to CI State, Local and Foreign Returns in respect of tax periods beginning before or on the

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Distribution Date shall be computed as of December 31, 1996, under the principles set forth in Section 4.01 and compensation in respect to such liabilites shall be provided to Corning in accordance with the principles of Sections 4.04 and 4.05.

ARTICLE 5

POST-DISTRIBUTION CARRYBACKS OF TAX BENEFITS

SECTION 5.01(a). CI Consolidated Returns; Net Operating Losses. If for any taxable period beginning on or after the Distribution Date, a CCL Company or a Covance Company incurs a net operating loss that may be carried back to a CI Consolidated Return Period, the CCL Company or the Covance Company shall make an election to relinquish the entire carryback period with respect to any such net operating loss. If for any taxable period beginning on or after the Distribution Date, a CCL Company or a Covance Company is entitled to a foreign tax credit or a deduction in respect of such foreign taxes, such CCL Company or Covance Company must take the deduction in lieu of the foreign tax credit, unless the foreign tax credit can be fully utilized on a return other than a CI Consolidated Return.

(b) Other Tax Benefits. If for any taxable period beginning on or after the date of the CCL Distribution, a CCL Company or a Covance Company incurs a net capital loss, business credit or other Tax attribute that must be carried back to a CI Consolidated Return (each a "Carryback Item"), such CCL Company or Covance Company may file a refund claim reflecting such Carryback Item only after having obtained a written consent from Corning. In the event that such CCL Company or Covance Company does not obtain such written consent

or shall not be eligible to file such claim under applicable law, Corning may, at the written request and expense of such CCL Company or Covance Company, file amended returns or refund claims reflecting such Carryback Item. Such CCL Company or Covance Company shall be compensated for the use of such Carryback Item as follows:

(i) Corning shall, within thirty (30) days after receipt thereof, pay to such CCL Company or Covance Company respectively any refunds actually received by Corning resulting from the filing of an amended return or refund claim with respect to such Carryback Item attributable to such company, whether such amended return or refund claim was filed by Corning or the CCL Company or the Covance Company, together with interest received net of taxes with respect thereto. With respect to CCL, in the event that Corning would have received a refund (including interest) with respect to such claim had such refund not been offset against deficiencies, interest, or penalties assessed against the CI Group or any member thereof (other than deficiencies, interest or penalties (A) attributable to the operations of such CCL Company and with respect to which such entity would otherwise be responsible under the terms of this Agreement, (B) attributable to a taxable period of the CI Group for which the statute of

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limitations has expired, (C) against which CCL is obligated to indemnify Corning pursuant to the Spin-Off Tax Indemnity Agreements or (D) in respect of which CCL is obligated to share payment pursuant to Section 3.03 hereof), Corning shall pay to such CCL Company, within thirty (30) days after receipt of notice of such offset, an amount equal to the amount of such offset, together with interest that would have been paid to Corning if such refund had not been offset. With respect to Covance, in the event that Corning would have received a refund (including interest) with respect to such claim had such refund not been offset against deficiencies, interest, or penalties assessed against the CI Group or any member thereof (other than deficiencies, interest or penalties (A) attributable to the operations of such Covance Company and with respect to which such entity would otherwise be responsible under the terms of this Agreement, (B) attributable to a taxable period of the CI Group for which the statute of limitations has expired, (C) against which Covance is obligated to indemnify Corning pursuant to the Spin-Off Tax Indemnity Agreements or (D) in respect of which Covance is obligated to share payment pursuant to Section 3.03 hereof), Corning shall pay to such

Covance Company, within thirty (30) days after receipt of notice of such offset, an amount equal to the amount of such offset, together with interest that would have been paid to Corning if such refund had not been offset.

(ii) If, for any taxable period, Corning is required to and does make a repayment to the IRS of any portion of a refund described in this Article 5 attributable to the denial of the CCL Company or Covance Company Carryback Item, then such CCL Company or Covance Company shall pay to Corning in immediately available funds within ten (10) days following the date Corning notifies such CCL Company or Covance Company of such repayment, the amount of such repayment including interest thereon.

(iii) If Corning elects not to file amended returns or refund claims reflecting a Carryback Item as to which CCL or Covance might receive a tax benefit, Corning shall notify such CCL Company or Covance Company of its decision and state the amount including interest which it has determined to be the appropriate compensation for its claim, and Corning shall pay such CCL Company or Covance Company within ten (10) days of the receipt by Corning of written notification that the CCL Company or the Covance Company agrees with its determination, or upon irreconcilable disagreement between such parties, upon receipt by Corning of a written determination of a nationally recognized accounting firm or law firm with expertise sufficient to address the issues presented and mutually agreeable to such parties.

(iv) Notwithstanding anything to the contrary in this Article, before Corning files a claim for refund or a CCL Company or a Covance Company is permitted to file a claim for refund which reflects a Carryback Item and which would affect a CI Consolidated Return, the validity and amount of any such Carryback Item shall be reviewed and approved by Corning and such CCL Company or

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Covance Company, as applicable, and, upon irreconcilable disagreement between such parties, by a nationally recognized accounting firm or law firm with expertise sufficient to address the issues presented and mutually agreeable to such parties. Each CCL Company and each Covance Company, as applicable, agrees to reimburse Corning for its reasonable expenses incurred in reviewing, filing and securing any refund claim made at the request of such CCL Company or Covance Company.

ARTICLE 6

POST-DISTRIBUTION CARRYOVERS OF TAX BENEFITS

SECTION 6.01. CI Group items. Corning shall notify CCL and Covance as soon as practicable after the Distribution Date of any consolidated carryover item which may be partially or totally attributed to and carried over by a CCL Company or a Covance Company and will notify CCL and Covance of subsequent adjustments which may affect such carryover item.

SECTION 6.02. CCL Group Items. CCL shall notify Corning and Covance as soon as practicable after the Distribution Date of any consolidated carryover item which may be partially or totally attributed to and carried over by a Covance Company and will notify Corning and Covance of subsequent adjustments which may affect such carryover item.

ARTICLE 7

AUDIT ADJUSTMENTS

SECTION 7.01. CI Consolidated, State, Local and Foreign Returns. Except as provided in the Spin-Off Tax Indemnification Agreements and in Section 3.03 hereof, if any tax liability or refund in respect of the CI Group arises as a result of an audit by the IRS or other taxing authority and such tax liability or refund relates to a CI Consolidated Return or a CI State, Local and Foreign Return filed in respect of any period commencing before or on the Distribution Date and such liability:

(a) does not relate to Temporary Differences attributable to CCL or Covance, Corning shall be liable for and shall pay any tax liabilities and any interest and underpayment penalties associated therewith and Corning shall receive any such tax refunds and any interest associated therewith. Any penalties or additions to tax associated with tax liabilities that are not underpayment penalties shall be allocated among Corning, CCL and Covance in the proportion to which such penalties are

assessed to Corning, CCL and Covance, respectively, or in the event such penalties are not clearly assessed to any individual party or parties, in such a manner as will take into account the extent to which each may have contributed to such penalties. Corning, CCL and

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Covance each shall indemnify and hold harmless the other from and against the penalties so allocated to Corning, CCL and Covance, respectively; or (b) does relate to Temporary Differences attributable to CCL or Covance, and such taxing authority:

(i) acknowledges directly or indirectly to Corning's sole satisfaction that Corning may utilize such Temporary Differences in computing tax liability, benefit or refunds in respect of post-Distribution Date tax periods, Corning shall be liable for and shall pay any such tax liability and any interest and underpayment penalties associated with such tax liability and shall receive any such benefit or refunds and any interest associated therewith; or

(ii) does not acknowledge directly or indirectly to Corning's sole satisfaction that Corning may utilize such Temporary Differences in computing tax liability, benefit or refunds in respect of post-Distribution Date tax periods, the party hereto against which the issue giving rise to such tax liability is directed shall be liable for and shall pay any such tax liability and any interest and underpayment penalties associated with such tax liability and shall receive any such benefit or refunds and any interest associated therewith; and

any liability and any penalties or additions to tax associated with such tax liability that are not underpayment penalties shall be allocated among Corning, CCL and Covance in the proportion to which such penalties have been assessed by such taxing authority to Corning, CCL and Covance, respectively, or in the event such penalties have not been clearly assessed to any individual party or parties, in such a manner as will take into account the extent to which each may have contributed to such penalties, and Corning, CCL and Covance each shall indemnify and hold harmless the other from and against the penalties so allocated to Corning, CCL and Covance, respectively.

SECTION 7.02. Non-CI Consolidated, State, Local and Foreign Returns. If any tax liability or refunds arise in respect of any member of the CI Group (determined before giving effect to the Distributions) as a result of an audit by the IRS or other taxing authority and such tax liability or refund does not relate to a CI Consolidated Return or a CI State, Local and Foreign Return, the party hereto against which the issue giving rise to such tax liability is directed or in favor of which such return is applicable shall be liable for and shall pay any such tax liability and any interest and penalties associated therewith and shall receive any such refund and any interest associated therewith, and shall indemnify and hold harmless the other parties hereto from and against all such liabilities and any interest and penalties related thereto.

SECTION 7.03. Other Audit Liabilities and Refunds. Except as otherwise provided in this Article 7 or Articles 3 or 4 hereof or in the Spin-Off Tax Indemnification Agreements, (a) CCL or Covance, as the case may be, shall be

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liable for and shall pay all tax liabilities and any interest and penalties associated therewith, and shall receive any tax refunds and any interest associated therewith, that arise as a result of an audit by the IRS or other taxing authority and that relate to the business or operations of CCL or Subsidiaries of CCL and Covance or Subsidiaries of Covance, respectively, and CCL and Covance each shall indemnify and hold harmless Corning and each other from and against the penalties so allocated to CCL and Covance, respectively; and (b) Corning shall be liable for and shall pay all tax liabilities and any interest and penalties associated therewith, and shall receive any tax refunds and any interest associated therewith, that arise as a result of an audit by the IRS or other taxing authority and that relate to the business or operations of Corning or Corning Subsidiaries.

SECTION 7.04. Expenses. Any out-of-pocket expenses (e.g., travel expenses, accountants' fees, attorneys' fees, experts' fees, etc.) incurred by the CI Group in connection with proposed or actual liabilities or refunds of the type contemplated in this Article 7 shall be paid by the entities to which such liabilities or refunds are allocated hereunder. In cases where such expenses relate to more than one member of the CI Group or more than one party hereto, the parties affected shall determine how such expenses shall be allocated.

ARTICLE 8

CONTESTS

SECTION 8.01. CI Group Contests; Notification and communication. If a notice of audit is given, an audit is begun, an audit adjustment is (or has been) proposed, or any other claim is (or has been) made by any taxing authority with respect to a tax liability that, pursuant to the terms hereof, may be attributable to a CCL Company or a Covance Company with regard to a CI Consolidated Return or a CI State, Local and Foreign Return, Corning shall promptly notify CCL and Covance of such event (unless a CCL Company and a Covance Company previously was notified directly by the relevant tax authority). Thereafter, Corning or CCL or Covance, as the case may be, shall keep the others, on a timely basis, informed of all material developments in connection with audits, administrative proceedings, litigation and other similar matters that may affect their respective tax liabilities. Failure or delay in providing notification hereunder shall not relieve any party hereto of any obligation hereunder in respect of any particular tax liability, except to the extent that such failure or delay restricts the ability of such party to contest such liability administratively or in the courts and otherwise materially and adversely prejudices such party.

SECTION 8.02. Group Contests; Control and Management of Claims. (a) As among the parties hereto, Corning shall control the prosecution of any audits and any contests in respect of any claim made by a taxing authority on audit or in a related administrative or judicial proceeding or in respect of any refund or credit of taxes, and shall make and prosecute other claims for refunds with respect to any tax liability, that relates to a CI Consolidated Return Period or

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a CI State, Local and Foreign Return Period. CCL or Covance, as the case may be, may participate in such audits or contests to the extent that Corning in its sole discretion shall deem appropriate, provided, however, that Corning shall have the sole right to control, at Corning's expense, the prosecution of any audit, refund claim or related

administrative or judicial proceeding with respect to those matters which could affect the CI Group's tax liability.

(b) With respect to a tax liability or refund that, pursuant to the provisions hereof, may be attributable to a CCL Company or a Covance Company relating to a CI Consolidated Return Period or a CI State, Local and Foreign Return Period, if Corning elects not to exercise its rights of control under subsection (a) hereof, and if CCL or Covance so requests, Corning shall contest, control and allow CCL or Covance, as the case may be, to participate to the extent that Corning in its sole discretion shall deem appropriate, all at CCL's or Covance's respective expense, or in the alternative shall permit CCL or Covance at its own expense to contest and control a claim made by a taxing authority on audit or in a related administrative or judicial proceeding or by appropriate claim for refund or credit of taxes (or to make and prosecute other claims for refund. CCL or Covance, as the case may be, shall pay all out-of-pocket and other costs relating to such contests, including but not limited to fees for attorneys, accountants, expert witnesses or other consultants.

(c) If asserted liabilities unrelated to the matters contemplated herein become grouped with contests arising hereunder, the parties shall use their respective best efforts to cause the contest arising hereunder to be the subject of a separate proceeding.

(d) With respect to matters arising hereunder controlled by Corning, and where deemed necessary by Corning, CCL and Covance respectively shall compel the relevant CCL Company or Covance Company to authorize by appropriate powers of attorney such persons as Corning shall designate to represent such CCL Company or Covance Company with respect to such matters. The parties hereto shall reasonably cooperate with one another in a timely manner with respect to any matter arising hereunder.

(e) With respect to a particular adjustment or claim made with respect to a CCL Company or a Covance Company that, pursuant to the provisions hereof, may be attributable to a CCL Company or a Covance Company, to the extent, and for so long as, Corning, in the

exercise of its reasonable judgment, is satisfied that CCL and the CCL Companies or Covance and the Covance Companies can and will meet all their obligations under this Agreement, Corning shall not settle, compromise, or concede such

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adjustment or claim without the written consent of CCL or Covance, as the case may be, which consent shall not be unreasonably withheld.

(f) Group contests and the control and management of matters hereunder relating solely to CCL Returns shall be subject to the provisions of this Section 8.02, applied as if CCL was Corning and Covance was CCL for purposes thereof.

ARTICLE 9

INFORMATION AND COOPERATION; BOOKS AND RECORDS

SECTION 9.01(a). Each of CCL and Covance shall deliver to Corning, as soon as practicable after Corning's request, and Covance shall deliver to CCL, as soon as practicable after CCL's request, such information and data concerning the operations conducted before or as of the Distribution Date by the CCL Companies and the Covance Companies respectively and make available such knowledgeable employees of the CCL Companies and Covance Companies respectively as Corning or CCL, as the case may be, may reasonably request, including providing the information and data required by Corning's, CCL's or Covance's customary internal tax and accounting procedures, in order to enable each of Corning or CCL, as the case may be, to complete and file all tax forms or reports that it may be required to file with respect to the activities of the CCL Companies and the Covance Companies for taxable periods ending on, prior to or including the Distribution Date, to respond to audits by any taxing authorities with respect to such activities, to prosecute or defend any administrative or judicial proceeding and to otherwise enable Corning or CCL, as the case may be, to satisfy its accounting and tax requirements. CCL and Covance shall provide office space to IRS and other tax auditors when they are conducting on-site audits, and to employees and representatives of Corning or CCL, as the case may be, as long as a CI Consolidated Return

Period or a CI State, Local and Foreign Return Period or a CCL Return Period, as the case may be, is open to assessment of additional taxes or an assessment with respect to such period is being contested. Corning shall deliver to CCL or Covance as soon as practical after CCL's or Covance's request, and CCL shall deliver to Covance as soon as practical after Covance's request, such information and data concerning any tax attributes which were allocated to a CCL Company or a Covance Company that is reasonably necessary in order to enable CCL or Covance to complete and file all tax forms or reports that it may be required to file with respect to such activities of the CCL Companies or the Covance Companies from and after the Distribution Date, to respond to audits by any tax authorities with respect to such activities, to prosecute or defend claims for taxes in any administrative or judicial proceeding, and to otherwise enable CCL or Covance to satisfy its accounting and tax requirements. In addition, Corning shall make available to CCL and Covance, and CCL shall make available to Covance, its knowledgeable employees for such purpose.

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(b). Each CCL Company and each Covance Company shall retain all books, records, documentation or other information relating to any CI Consolidated Return or CI State, Local and Foreign Return, and each Covance Company shall retain all books, records, documentation or other information relating to any CCL Return Period, until the expiration of the applicable statute of limitations (including any extension or waiver thereof). Upon the expiration of any statute of limitations, the foregoing information may be destroyed or disposed of provided that (i) the CCL Company or the Covance Company provides sixty (60) days prior written notice to Corning or CCL, as the case may be, describing in reasonable detail the documentation to be destroyed or disposed of and (ii) Corning or CCL, as the case may be, agrees in writing to such destruction or disposal. If Corning or CCL, as the case may be, objects to the proposed destruction or disposal, then the CCL Company or the Covance Company shall promptly deliver such materials to Corning or CCL, as the case may be, or continue to retain such materials.

ARTICLE 10

GENERAL PROVISIONS

SECTION 10.01. Effectiveness. The effectiveness of this Agreement and the obligations and rights created hereunder are subject and conditioned upon the completion of the Distributions pursuant to the terms of the Transaction Agreement.

SECTION 10.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service (including overnight delivery), by cable, by telecopy confirmed by return telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.01) listed below:

(a) To Corning Incorporated:
One Riverfront Plaza
Corning, New York 14831
Telecopy: (607) 974-8656
Attn: each of the General Counsel and Tax Director

(b) To CCL:
One Malcolm Avenue
Teterboro, New Jersey 07608
Telecopy: (201) 462-4795
Attn: each of the General Counsel and Tax Director

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(c) To Covance:
210 Carnegie Center
Princeton, New Jersey 08540-6233
Telecopy:(609) 452-9865
Attn: each of the General Counsel and Tax Director

SECTION 10.03. Complete Agreement; Construction. This Agreement is intended to provide rights, obligations and covenants in respect of Taxes and, together with the Spin-Off Tax Indemnification Agreements, shall supersede all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof and thereof. In the event provisions of this Agreement are inconsistent with provisions in a Spin-Off Tax Indemnification Agreement, the provisions in the Spin-Off Tax Indemnification Agreement shall control, except in cases where this construction would provide a duplicate benefit.

SECTION 10.04. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 10.05. Waiver. The parties to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or parties, (b) waive any inaccuracies in the representations and warranties of the other party or parties contained herein or in any document delivered by the other party or parties pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party or parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

SECTION 10.06. Amendments. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties or (b) by a waiver in accordance with Section 10.05.

SECTION 10.07. Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns. This Agreement cannot be assigned by Corning, CCL or Covance, in each case without the consent of the other two parties hereto.

SECTION 10.08. Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any subsidiary of such party or

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by any entity that is contemplated to be a subsidiary of such party on and after the Distribution Date.

SECTION 10.09. Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective subsidiaries, and nothing herein, express or implied, is intended to or shall confer upon any third parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 10.10. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.11. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

SECTION 10.12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state.

SECTION 10.13. Arbitration. Any conflict or disagreement arising out of the interpretation, implementation, or compliance with the provisions of this Agreement shall be finally settled pursuant to the provisions of Article V (Dispute Resolution) of the Transaction Agreement, which provisions are incorporated herein by reference.

SECTION 10.14. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CORNING INCORPORATED,

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by ______________________________________
Name:
Title:

CORNING CLINICAL LABORATORIES INC.,

by ______________________________________
Name:
Title:

COVANCE INC.,

by ______________________________________
Name:
Title:

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EXECUTION VERSION

Corning/CCL Spin-Off Tax Indemnification Agreement

This SPIN-OFF TAX INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into this 16th day of December, 1996, by and among CORNING INCORPORATED, a New York corporation ("Corning") and CORNING CLINICAL LABORATORIES INC. (to be renamed Quest Diagnostics Incorporated.), a Delaware corporation ("CCL").

Witnesseth

WHEREAS, Corning is the common parent of an affiliated group of corporations within the meaning of Code(1) Section 1504 which includes CCL;

WHEREAS, Corning has determined to effect the Distributions pursuant to a Transaction Agreement (the "Transaction Agreement") dated of even date herewith;

WHEREAS, the IRS has issued the IRS Ruling which states the tax treatment of the Distributions and the Other Transactions; and

WHEREAS, the parties hereto are entering into this Agreement to indemnify Corning as hereinafter provided in the event the Distributions or the Other Transactions fail to qualify for the tax treatment stated in the IRS Ruling due to actions by CCL.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: Representations and Covenants

SECTION 1.01. Representations. (a) CCL has reviewed the materials submitted to the IRS in connection with the IRS Ruling and, to the best of CCL's knowledge, these materials, including, without limitation, any statements and representations concerning CCL, its business, operations capital structure and/or organization, are complete and accurate in all material respects. CCL shall, and shall cause each member of the CCL Group, to comply with each such representation and statement concerning CCL and the CCL Group made in the materials so submitted, the IRS Ruling and any subsequent IRS ruling, including without limitation, statements as to the creation, funding and operation of employee

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1 Capitalized terms not defined herein have the meaning given to them in Annex A.

compensation plans by CCL. With respect to any representation or statement made by or on behalf of CCL in connection with the IRS Ruling and any subsequent IRS

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ruling and to the extent such representation or statement relates to future actions or events under their control, neither CCL nor any member of the CCL Group will take any action during the Restricted Period that would have caused such representation or statement to be untrue if CCL had planned or intended to take such action at the time such representation or statement was made by or on behalf of CCL.

(b) CCL hereby represents and warrants to Corning that CCL has no present intention to undertake any of the transactions set forth in Section 1.02 (a) (iii) or to cease to engage in the active conduct of the trade or business (within the meaning of Section 355(b)(2) of the Code) of providing clinical laboratory testing services.

SECTION 1.02. Covenants. (a) CCL covenants and agrees with Corning that during the Restricted Period:

(i) CCL will continue to engage in the clinical laboratory testing business in the U.S. and will continue to maintain in the U.S. a substantial portion of its assets and business operations as they existed prior to the Distributions, provided that the foregoing shall not be deemed to prohibit CCL from entering into or acquiring other businesses or operations which may or may not be consistent with its business and operations as they existed prior to the Distributions so long as CCL continues to engage in such clinical business in the U.S. and continues to so maintain such substantial portion in the U.S.;

(ii) CCL will continue to manage and to own (A) directly assets which represent at least fifty percent (50%) of the Gross Assets which CCL managed and owned directly immediately after the Distributions, and (B) directly or indirectly through one or more entities, assets which represent at least 50% of the Gross Assets which CCL owned indirectly through one or more entities immediately after the Distributions;

(iii) except as provided in Section 1.02(c), neither CCL, nor any of its Affiliates nor any of their respective, directors, officers or other representatives will undertake, authorize, approve, recommend, permit, facilitate, or enter into any contract, or consummate any transaction with respect to: (A) the issuance of CCL Common Stock (including options, warrants, rights or securities exercisable for, or convertible into, CCL Common Stock) in a single transaction or in a series of related or unrelated transactions or otherwise or in the aggregate which would exceed (or could exceed if any such options, warrants or rights were exercised or such securities were converted) fifty percent (50%) when expressed as a percentage of the outstanding shares of CCL Common Stock immediately following the Distributions; (B) the issuance of any class or series of capital stock or any other instrument (other than CCL Common Stock and options, warrants, rights or securities exercisable for, or convertible into, CCL Common Stock) that would constitute equity for federal tax purposes (such classes or series of capital stock and other instruments being referred to herein as

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"Disqualified CCL Stock"); (C) the issuance of any options, rights, warrants, securities or similar arrangements exercisable for, or convertible into, Disqualified CCL Stock; (D) any redemptions, repurchases or other acquisitions of capital stock or other equity interests in CCL in a single transaction or a series of related or unrelated transactions, unless such redemptions, repurchases or other acquisitions (1) satisfy the following requirements: (a) there is a "sufficient business purpose" (within the meaning of Section 4.05(1)(b) of Revenue Procedure 96-30) for the transaction, (b) the stock to be purchased, redeemed or otherwise acquired is widely held, (c) the stock purchases or other acquisitions will be made on the open market, and (d) the amount of stock purchases, redemption, or other acquisitions in a single transaction or in a series of related or unrelated transactions will not exceed an amount of stock representing twenty percent (20%) of the outstanding stock of CCL immediately following the Distributions; or (2) are made in connection with employee equity compensation plans of CCL and do not result, individually or in the aggregate, in the acquisition of more than ten percent (10%) of the voting power in respect of the outstanding stock of CCL immediately following the Distributions, (E) the dissolution, merger , or complete or partial liquidation of CCL or any announcement of such action; or (F) the waiver, amendment, termination or modification of any provision of the CCL Rights Plan in connection with, or in order to permit or facilitate, any acquisition or proposed acquisition of Beneficial Ownership of capital stock or other equity interest in CCL.

(b) In addition to the other representations, warranties, covenants and agreements set forth in this Agreement, CCL and the CCL Group will take, or refrain from taking, as the case may be, such actions as Corning may reasonably request during the Ruling Period as necessary to insure that the Distributions and the Other Transactions qualify for the tax treatment stated in the IRS Ruling, including, without limitation, such actions as Corning determines may be necessary to obtain and preserve the IRS Ruling or any subsequent IRS ruling on which the parties can rely. Without limiting the generality of the foregoing, CCL and the CCL Group shall cooperate with Corning if Corning determines to obtain additional IRS rulings pertaining to whether any actual or proposed change in facts and circumstances affects the tax status of the Distributions or the Other Transactions.

(c) Following the six-month anniversary of the Distribution Date, CCL and its Affiliates may take any action or engage in conduct otherwise prohibited by Section 1.02 so long as prior to such action or conduct, as the case may be, Corning or CCL receives (A) a ruling from the IRS in form and substance reasonably satisfactory to Corning and upon which Corning can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distributions or the Other Transactions to fail to qualify for the tax treatment stated in the IRS Ruling or otherwise to be taxable for federal income tax purposes, or (B) an Opinion of Counsel in form and substance reasonably satisfactory to Corning and upon which Corning can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distributions or the Other Transactions to fail to qualify for the tax treatment stated in the IRS Ruling or otherwise to be taxable for federal income tax purposes.

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ARTICLE 2: CCL Indemnity Obligations

SECTION 2.01. Tax Indemnities. (a) If CCL, or another member of the CCL Group (collectively the "Indemnifying Party") shall take any action prohibited by Article 1 or shall violate a representation or covenant contained in Article 1, and either of the Distributions or any of the Other Transactions shall fail to qualify for the tax treatment stated in the IRS Ruling primarily as a result of such action or violation, then the Indemnifying Party shall (jointly or severally) indemnify and hold harmless Corning and each member of the Corning Group (collectively the "Indemnified Party") against any and all Taxes imposed upon or incurred by the Indemnified Party as a result of the failure, including, without limitation, any liability of the Indemnified Party arising from Taxes imposed on shareholders of Corning to the extent any shareholder or shareholders of Corning successfully seek recourse against the Indemnified Party on account of any such failure, or any liability for such Taxes which the Indemnified Party may assume or otherwise provide for.

(b) Notwithstanding anything to the contrary set forth in this Agreement, if, during the Restricted Period, any Person or Group of Affiliated Persons or Associated Persons acquires Beneficial Ownership of twenty percent (20%) or more of CCL Common Stock (or any other class of outstanding CCL stock) or commences a tender or other purchase offer for the capital stock of CCL upon consummation of which such Person or Group of Affiliated Persons or Associated Persons would acquire Beneficial Ownership of twenty percent (20%) or more of the CCL Common Stock (or any other class of outstanding CCL stock) and either of the Distributions or any of the Other Transactions shall fail to qualify for the tax treatment stated in the IRS Ruling primarily as a result of such acquisition or tender or other purchase offer; then the Indemnifying Party shall indemnify and hold harmless the Indemnified Party against any and all Taxes imposed upon or incurred by the Indemnified Party and/or its shareholders as a result of the failure of either Distribution or the Other Transactions to so qualify.

(c) The Indemnified Party shall be indemnified and held harmless under Section 2.01(a) without regard to the fact that the Indemnified Party may have received a supplemental ruling from the IRS or an Opinion of Counsel as contemplated by Section 1.02(c). The Indemnified Party shall be indemnified and held harmless under Section 2.01(b) without regard to whether an acquisition of Beneficial Ownership results from a transaction which is not prohibited under Article 1.

ARTICLE 3: Calculation of Indemnity Amounts

SECTION 3.01. Amount of Indemnified Liability. The amount indemnified against under Article 2 ("Indemnified Liability") for a tax based on or determined with reference to income shall be deemed to be the amount of the tax

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computed by multiplying (i) the taxing jurisdiction's highest marginal tax rate applicable to taxable income of corporations such as the Indemnified Party on income of the character subject to tax and indemnified against under Article 2 for the taxable period in which the Distributions occur, times (ii) the gain or income of the Indemnified Party which is subject to tax in the taxing jurisdiction and indemnified against under Article 2. In the case of an Indemnified Liability attributable to a payment owed to a shareholder or shareholders of Corning, the amount of the Indemnified Liability shall be equal to the amount so owed, including without limitation, interest, costs, additions, expenses and penalties. All amounts payable under this Agreement shall be paid on an after-tax basis. If an Indemnified Liability is of a type that constitutes a deduction from income in any taxable period in determining the Indemnified Party's liability for a tax based upon or determined with reference to income, the amount of the Indemnified Liability shall be reduced by the reduction in the tax liability of the Indemnified Party.

ARTICLE 4: Procedural Matters

SECTION 4.01. General. (a) If either the Indemnified Party or the Indemnifying Party receives any written notice of deficiency, claim or adjustment or any other written communication from a taxing authority that may result in an Indemnified Liability, the party receiving such notice or communication shall promptly give written notice thereof to the other party, provided that any delay by the Indemnified Party in so notifying an Indemnifying Party shall not relieve the Indemnifying Party of any liability hereunder, except to the extent (i) such delay restricts the ability of the Indemnifying Party to contest the resulting Indemnified Liability administratively or in the courts in accordance with Section 4.02 and (ii) the Indemnifying Party is materially and adversely prejudiced by such delay.

(b) The parties hereto undertake and agree that from and after such time as they obtain knowledge that any representative of a taxing authority has begun to investigate or inquire into either Distribution or any of the Other Transactions (whether or not such investigation or inquiry is a formal or informal investigation or inquiry), the party obtaining such knowledge shall (i) notify the other party thereof, provided that any delay by the Indemnified Party in so notifying the Indemnifying Party shall not relieve the Indemnifying Party of any liability hereunder (except to the extent (A) such delay restricts the ability of the Indemnifying Party to contest the resulting Indemnified Liability administratively or in the courts in accordance with Section 4.02 and (B) the Indemnifying Party is materially and adversely prejudiced by such delay), (ii) consult with the other party from time to time as to the conduct of such investigation or inquiry, (iii) provide the other party with copies of all correspondence with such taxing authority or any representative thereof pertaining to such investigation or inquiry, and (iv) arrange for a representative of the other party to be present at

all meetings with such taxing authority or any representative thereof pertaining

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to such investigation or inquiry.

SECTION 4.02. Contests. (a) Provided that (i) the Indemnifying Party shall furnish the Indemnified Party with evidence reasonably satisfactory to the Indemnified Party of its ability to pay the full amount of the Indemnified Liability and (ii) the Indemnifying Party acknowledges in writing that the asserted liability is an Indemnified Liability, the Indemnifying Party shall assume and direct the defense or settlement of any hearing, arbitration, suit or other proceeding (each a "Proceeding") commenced, filed or otherwise initiated or convened to investigate or resolve the existence and extent of such liability.

(b) If the Indemnified Liability is grouped with other unrelated asserted liabilities or issues in the Proceeding, the parties shall use their respective best efforts to cause the Indemnified Liability to be the subject of a separate proceeding. If such severance is not possible, the Indemnifying Party shall assume and direct and be responsible only for the matters relating to the Indemnified Liability.

(c) If at any time during a Proceeding controlled by the Indemnifying Party pursuant to Section 4.02(a) the Indemnifying Party fails to provide evidence reasonably satisfactory to the Indemnified Party of its ability to pay the full amount of the Indemnified Liability or the Indemnified Party reasonably determines, after due investigation, that the Indemnifying Party could not pay the full amount of the Indemnified Liability, then the Indemnified Party may assume control of the Proceedings upon seven (7) days written notice.

(d) The Indemnifying Party shall pay all out-of-pocket expenses and other costs related to the Indemnified Liability, including but not limited to fees for attorneys, accountants, expert witnesses or other consultants retained by the Indemnifying Party and/or the Indemnified Party, other than fees for attorneys, accountants, expert witnesses or other consultants retained solely by the Indemnified Party and incurred at any time during which the Indemnifying Party is controlling and directing the Proceeding in respect of which such fees are incurred. To the extent that any such expenses and other costs have been or are paid by an Indemnified Party, the Indemnifying Party shall promptly reimburse the Indemnified Party therefor.

(e) The Indemnifying Party shall not pay (unless otherwise required by a proper notice of levy and after prompt notification to the Indemnified Party of receipt of notice and demand for payment), settle, compromise or conceded any portion of the Indemnified Liability without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. The Indemnifying Party shall, on a timely basis, keep the Indemnified Party informed of all developments in the Proceeding and provide the Indemnified Party with copies of all pleadings, briefs, orders, and other written papers.

(f) Any Proceeding which is not controlled or which is no longer

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controlled by the Indemnifying Party pursuant to Section 4.02 shall be controlled and directed exclusively by the Indemnified Party, and any related out-of-pocket expenses and other costs incurred by the Indemnified Party, including but not limited to, fees for attorneys, accountants, expert witnesses or other consultants, shall be reimbursed by the Indemnifying Party. The Indemnified Party will not be required to pursue the claim in the federal district court, Court of Claims or any state court if as a prerequisite to such Court's jurisdiction, the Indemnified Party is required to pay the asserted liability unless the funds necessary to invoke such jurisdiction are provided by the Indemnifying Party.

SECTION 4.03. Time and Manner of Payment. The Indemnifying Party shall pay to the Indemnified Party the amount of the Indemnified Liability and any expenses or other costs indemnified against (less any amount paid directly by the Indemnifying Party to the taxing authority) no less than (7) business days prior to the date payment of the Indemnified Liability is to be made by any party to the taxing authority. Such payment shall be paid by wire transfer of immediately available funds to an account designated by the Indemnified Party by written notice to the Indemnifying Party prior to the due date of such payment. If the Indemnifying Party delays making payment beyond the due date hereunder, such party shall pay interest on the amount unpaid at the IRS Penalty Rate for each day and the actual number of days for which any amount due hereunder is unpaid.

SECTION 4.04. Refunds. In connection with this Agreement, should an Indemnified Party receive a refund in respect of amounts paid by an Indemnifying Party to any taxing authority on its behalf, or should any such amounts that would otherwise be refundable to the Indemnifying Party be applied by the taxing authority to obligations of the Indemnified Party unrelated to an Indemnified Liability, then such Indemnified Party shall, promptly following receipt (or notification of credit), remit such refund and any related interest to the Indemnifying Party.

SECTION 4.05. Cooperation. The parties shall cooperate with one another in a timely manner in any administrative or judicial proceeding involving any matter that may result in an Indemnified Liability.

ARTICLE 5: General Provisions

SECTION 5.01. Notices. All notices, requests, claims and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.01) listed below:

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To Corning:
One Riverfront Plaza
Corning, New York 14831
Telecopy:
Attn: General Counsel

To CCL:
One Malcolm Avenue
Teterboro, New Jersey 07608-1070210
Telecopy:
Attn: General Counsel

SECTION 5.02. Miscellaneous. This Agreement, including the attachments, shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof and thereof. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties or (b) by a waiver in accordance with Section 5.03. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective subsidiaries, and nothing herein, express or implied, is intended to or shall confer upon any third parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 5.03. Waiver. The parties to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or parties, (b) waive any inaccuracies in the representations and warranties of the other party or parties contained herein or in any document delivered by the other party or parties pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party or parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

SECTION 5.04. Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns. Notwithstanding the previous sentence, CCL shall not assign this Agreement or any rights, interests or obligations hereunder, or delegate performance of any of its obligations hereunder, without the consent of Corning.

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SECTION 5.05. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

SECTION 5.06. Governing Law and Severability. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CORNING INCORPORATED	CORNING CLINICAL LABORATORIES INC.
By___________________________________	By___________________________________
Name:	Name:
Title:	Title:

ANNEX A
DEFINITIONS

"Affiliate" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls

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or is controlled by or is under common control with such Person.

"Affiliated Person" shall have the meaning ascribed to such term in the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"Associated Person" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Beneficial Ownership" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"CCL Common Stock" shall mean the common stock, $0.50 par value with attached Preferred Stock Purchase Rights of CCL.

"CCL Distribution" shall mean the distribution by Corning to the Corning shareholders of the CCL Common Stock.

"CCL Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which CCL (or any successor thereto) is the common parent, excluding Covance and the other members of the Covance Group.

"CCL Rights Plan" shall mean the Preferred Share Purchase Rights Plan of CCL as governed by the Rights Agreement, dated as of December 30, 1996, between CCL and Harris Trust and Savings Bank, as Rights Agent.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any comparable successor legislation.

"Corning Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Corning (or any successor thereto) is the common parent, excluding for tax periods of the Corning Group commencing subsequent to the Distribution Date, CCL and the other members of the CCL Group and Covance and other members of the Covance Group.

"Covance Common Stock" shall mean the common stock, $0.01 par value with attached Preferred Stock Purchase Rights of Covance.

"Covance Distribution" shall mean the distribution by CCL to the CCL shareholders of the Covance Common Stock.

"Covance Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Covance (or any successor thereto) is the common parent.

"Covance Rights Plan" shall mean the Preferred Share Purchase Rights Plan of

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Covance as governed by the Rights Agreement, dated as of December 31, 1996, between Covance and Harris Trust and Savings Bank, as Rights Agent.

"Distributions" shall mean the each of the CCL Distribution and the Covance Distribution, including any transfers relating to the CCL Distribution or the Covance Distribution.

"Distribution Date" shall mean such date as has been or hereafter will be determined by Corning's Board of Directors as the date as of which the Distributions shall be effected.

"Gross Assets" shall mean, when used with respect to a specified Person, the fair market value of such Person's assets unencumbered by any liabilities.

"Group" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder

"IRS" shall mean the U.S. Internal Revenue Service.

"IRS Penalty Rate" shall mean the rate of interest imposed from time to time on underpayments of income tax pursuant to Code section 6621.

"IRS Ruling" shall mean the private letter ruling (together with any supplements) issued by the IRS in respect of the Ruling Request.

"Opinion of Counsel" shall mean an opinion of independent tax counsel of recognized national standing and experienced in the issues to be addressed and otherwise reasonably acceptable to Corning, which sets forth an Unqualified Tax Opinion in form and substance satisfactory to Corning. In no event shall Corning be required to conclude that an opinion is satisfactory if there is any risk, however remote, that the transaction which is the subject of the opinion will cause either of the Distributions to be taxable to any extent under the Code.

"Other Transactions" shall mean the transactions related to the Distributions and described in Parts I through IV of the Ruling Request.

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Restricted Period" shall mean the two year period following the Distribution Date.

"Ruling Period" shall mean the period commencing on the Distribution Date and ending on the later of (i) the third anniversary of the close of the taxable year of Corning in which the Distributions occur, and (ii) the first anniversary of the date on which there shall have expired all statutes of limitations in respect of taxable periods for which Taxes might be imposed or otherwise

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assessed in respect of the Distributions and the Other Transactions.

"Ruling Request" shall mean the request for rulings, as amended and supplemented, under Section 355 of the Code, as filed on behalf of Corning on June 17, 1996, in respect of the Distributions.

"Taxes" shall mean all federal, state, local and foreign gross or net income, gross receipts, withholding, franchise, transfer, estimated or other taxes or similar charges and assessments, including all interest, penalties and additions imposed with respect to such amounts.

"Unqualified Tax Opinion" shall mean (a) an unqualified "will" opinion of tax counsel to the effect that a transaction does not disqualify either of the Distributions from qualifying for tax-free treatment for the shareholders of Corning and CCL and any member of the Corning Group and the CCL Group under Code section 355 and any other applicable sections of the Code, assuming that the Distributions would have qualified for tax-free treatment if such transaction did not occur. An Unqualified Tax Opinion may rely upon, and assume the accuracy of, any representations contained in any application for a letter ruling from the IRS, and any representations contained in an officer's certificate delivered by an officer of Corning, CCL or Covance to such counsel.

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EXECUTION VERSION

Corning/Covance Spin-Off Tax Indemnification Agreement

This SPIN-OFF TAX INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into this 16th day of December, 1996, by and among CORNING INCORPORATED, a New York corporation ("Corning") and COVANCE INC., a Delaware corporation ("Covance").

Witnesseth

WHEREAS, Corning is the common parent of an affiliated group of corporations within the meaning of Code(1) Section 1504 which includes Covance;

WHEREAS, Corning has determined to effect the Distributions pursuant to a Transaction Agreement and Plan of Reorganization (the "Transaction Agreement") dated of even date herewith;

WHEREAS, the IRS has issued the IRS Ruling which states the tax treatment of the Distributions and the Other Transactions; and

WHEREAS, the parties hereto are entering into this Agreement to indemnify Corning as hereinafter provided in the event the Distributions or the Other Transactions fail to qualify for the tax treatment stated in the IRS Ruling due to actions by Covance.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: Representations and Covenants

SECTION 1.01. Representations. (a) Covance has reviewed the materials submitted to the IRS in connection with the IRS Ruling and, to the best of Covance's knowledge, these materials, including, without limitation, any statements and representations concerning Covance, its business, operations capital structure and/or organization, are complete and accurate in all material respects. Covance shall, and shall cause each member of the Covance Group, to comply with each such representation and statement concerning Covance and the Covance Group made in the materials so submitted, the IRS Ruling and any subsequent IRS ruling, including without limitation, statements as to the creation, funding and

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1 Capitalized terms not defined herein have the meaning given to them in Annex A.

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operation of employee compensation plans by Covance. With respect to any representation or statement made by or on behalf of Covance in connection with the IRS Ruling and any subsequent IRS ruling and to the extent such representation or statement relates to future actions or events under their control, neither Covance nor any member of the Covance Group will take any action during the Restricted Period that would have caused such representation or statement to be untrue if Covance had planned or intended to take such action at the time such representation or statement was made by or on behalf of Covance.

(b) Covance hereby represents and warrants to Corning that Covance has no present intention to undertake any of the transactions set forth in Section 1.02 (a) (iii) or to cease to engage in the active conduct of the trade or business (within the meaning of Section 355(b)(2) of the Code) of providing pharmaceutical services.

SECTION 1.02. Covenants. (a) Covance covenants and agrees with Corning that during the Restricted Period:

(i) Covance will continue to engage in the pharmaceutical services business in the U.S. and will continue to maintain in the U.S. a substantial portion of its assets and business operations as they existed prior to the Distributions, provided that the foregoing shall not be deemed to prohibit Covance from entering into or acquiring other businesses or operations which may or may not be consistent with its business and operations as they existed prior to the Distributions so long as Covance continues to engage in such pharmaceutical services business in the U.S. and continues to so maintain such substantial portion in the U.S.;

(ii) Covance will continue to manage and to own (A) directly assets which represent at least fifty percent (50%) of the Gross Assets which Covance managed and owned directly immediately after the Distributions, and (B) directly or indirectly through one or more entities, assets which represent at least 50% of the Gross Assets which Covance owned indirectly through one or more entities immediately after the Distributions;

(iii) except as provided in Section 1.02(c), neither Covance, nor any of its Affiliates nor any of their respective, directors, officers or other representatives will undertake, authorize, approve, recommend, permit, facilitate, or enter into any contract, or consummate any transaction with respect to: (A) the issuance of Covance Common Stock (including options, warrants, rights or securities exercisable for, or convertible into, Covance Common Stock) in a single transaction or in a series of related or unrelated transactions or otherwise or in the aggregate which would exceed (or could exceed if any such options, warrants or rights were exercised or such securities were converted) fifty percent (50%) when expressed as a percentage of the outstanding shares of Covance Common Stock immediately following the Distributions; (B) the issuance of any class or series of capital stock or any other instrument (other than Covance Common Stock and options, warrants, rights or securities exercisable for, or convertible into, Covance Common Stock) that would constitute equity for federal tax purposes (such classes or series of

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capital stock and other instruments being

referred to herein as "Disqualified Covance Stock"); (C) the issuance of any options, rights, warrants, securities or similar arrangements exercisable for, or convertible into, Disqualified Covance Stock; (D) any redemptions, repurchases or other acquisitions of capital stock or other equity interests in Covance in a single transaction or a series of related or unrelated transactions, unless such redemptions, repurchases or other acquisitions (1) satisfy the following requirements: (a) there is a "sufficient business purpose" (within the meaning of Section 4.05(1)(b) of Revenue Procedure 96-30) for the transaction, (b) the stock to be purchased, redeemed or otherwise acquired is widely held, (c) the stock purchases or other acquisitions will be made on the open market, and (d) the amount of stock purchases, redemption, or other acquisitions in a single transaction or in a series of related or unrelated transactions will not exceed an amount of stock representing twenty percent (20%) of the outstanding stock of Covance immediately following the Distributions; or (2) are made in connection with employee equity compensation plans of Covance and do not result, individually or in the aggregate, in the acquisition of more than ten percent (10%) of the voting power in respect of the outstanding stock of Covance immediately following the Distributions, (E) the dissolution, merger , or complete or partial liquidation of Covance or any announcement of such action; or (F) the waiver, amendment, termination or modification of any provision of the Covance Rights Plan in connection with, or in order to permit or facilitate, any acquisition or proposed acquisition of Beneficial Ownership of capital stock or other equity interest in Covance.

(b) In addition to the other representations, warranties, covenants and agreements set forth in this Agreement, Covance and the Covance Group will take, or refrain from taking, as the case may be, such actions as Corning may reasonably request during the Ruling Period as necessary to insure that the Distributions and the Other Transactions qualify for the tax treatment stated in the IRS Ruling, including, without limitation, such actions as Corning determines may be necessary to obtain and preserve the IRS Ruling or any subsequent IRS ruling on which the parties can rely. Without limiting the generality of the foregoing, Covance and the Covance Group shall cooperate with Corning if Corning determines to obtain additional IRS rulings pertaining to whether any actual or proposed change in facts and circumstances affects the tax status of the Distributions or the Other Transactions.

(c) Following the six-month anniversary of the Distribution Date, Covance and its Affiliates may take any action or engage in conduct otherwise prohibited by Section 1.02 so long as prior to such action or conduct, as the case may be, Corning or Covance receives (A) a ruling from the IRS in form and substance reasonably satisfactory to Corning and upon which Corning can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distributions or the Other Transactions to fail to qualify for the tax treatment stated in the IRS Ruling or otherwise to be taxable for federal income tax purposes, or (B) an Opinion of Counsel in form and substance reasonably

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satisfactory to Corning and upon which Corning can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distributions or the Other Transactions to fail to qualify for the tax treatment stated in the IRS Ruling or otherwise to be taxable for federal income tax purposes.

ARTICLE 2: Covance Indemnity Obligations

SECTION 2.01. Tax Indemnities. (a) If Covance, or another member of the Covance Group (collectively the "Indemnifying Party") shall take any action prohibited by Article 1 or shall violate a representation or covenant contained in Article 1, and either of the Distributions or any of the Other Transactions shall fail to qualify for the tax treatment stated in the IRS Ruling primarily as a result of such action or violation, then the Indemnifying Party shall (jointly or severally) indemnify and hold harmless Corning and each member of the Corning Group (collectively the "Indemnified Party") against any and all Taxes imposed upon or incurred by the Indemnified Party as a result of the failure, including, without limitation, any liability of the Indemnified Party arising from Taxes imposed on shareholders of Corning to the extent any shareholder or shareholders of Corning successfully seek recourse against the Indemnified Party on account of any such failure, or any liability for such Taxes which the Indemnified Party may assume or otherwise provide for.

(b) Notwithstanding anything to the contrary set forth in this Agreement, if, during the Restricted Period, any Person or Group of Affiliated Persons or Associated Persons acquires Beneficial Ownership of twenty percent (20%) or more of Covance Common Stock (or any other class of outstanding Covance stock) or commences a tender or other purchase offer for the capital stock of Covance upon consummation of which such Person or Group of Affiliated Persons or Associated Persons would acquire Beneficial Ownership of twenty percent (20%) or more of the Covance Common Stock (or any other class of outstanding Covance stock) and either of the Distributions or any of the Other Transactions shall fail to qualify for the tax treatment stated in the IRS Ruling primarily as a result of such acquisition or tender or other purchase offer; then the Indemnifying Party shall indemnify and hold harmless the Indemnified Party against any and all Taxes imposed upon or incurred by the Indemnified Party and/or its shareholders as a result of the failure of either Distribution or the Other Transactions to so qualify.

(c) The Indemnified Party shall be indemnified and held harmless under Section 2.01(a) without regard to the fact that the Indemnified Party may have received a supplemental ruling from the IRS or an Opinion of Counsel as contemplated by Section 1.02(c). The Indemnified Party shall be indemnified and held harmless under Section 2.01(b) without regard to whether an acquisition of Beneficial Ownership results from a transaction which is not prohibited under Article 1.

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ARTICLE 3: Calculation of Indemnity Amounts

SECTION 3.01. Amount of Indemnified Liability. The amount indemnified against under Article 2 ("Indemnified Liability") for a tax based on or determined with reference to income shall be deemed to be the amount of the tax computed by multiplying (i) the taxing jurisdiction's highest marginal tax rate applicable to taxable income of corporations such as the Indemnified Party on income of the character subject to tax and indemnified against under Article 2 for the taxable period in which the Distributions occur, times (ii) the gain or income of the Indemnified Party which is subject to tax in the taxing jurisdiction and indemnified against under Article 2. In the case of an Indemnified Liability attributable to a payment owed to a shareholder or shareholders of Corning, the amount of the Indemnified Liability shall be equal to the amount so owed, including without limitation, interest, costs, additions, expenses and penalties. All amounts payable under this Agreement shall be paid on an after-tax basis. If an Indemnified Liability is of a type that constitutes a deduction from income in any taxable period in determining the Indemnified Party's liability for a tax based upon or determined with reference to income, the amount of the Indemnified Liability shall be reduced by the reduction in the tax liability of the Indemnified Party.

ARTICLE 4: Procedural Matters

SECTION 4.01. General. (a) If either the Indemnified Party or the Indemnifying Party receives any written notice of deficiency, claim or adjustment or any other written communication from a taxing authority that may result in an Indemnified Liability, the party receiving such notice or communication shall promptly give written notice thereof to the other party, provided that any delay by the Indemnified Party in so notifying an Indemnifying Party shall not relieve the Indemnifying Party of any liability hereunder, except to the extent (i) such delay restricts the ability of the Indemnifying Party to contest the resulting Indemnified Liability administratively or in the courts in accordance with Section 4.02 and (ii) the Indemnifying Party is materially and adversely prejudiced by such delay.

(b) The parties hereto undertake and agree that from and after such time as they obtain knowledge that any representative of a taxing authority has begun to investigate or inquire into either Distribution or any of the Other Transactions (whether or not such investigation or inquiry is a formal or informal investigation or inquiry), the party obtaining such knowledge shall (i) notify the other party thereof, provided that any delay by the Indemnified Party in so notifying the Indemnifying Party shall not relieve the Indemnifying Party of any liability hereunder (except to the extent (A) such delay restricts the ability of the Indemnifying Party to contest the resulting Indemnified Liability administratively or in the courts in accordance with Section 4.02 and (B) the Indemnifying Party is materially and adversely prejudiced by such delay), (ii) consult with the other party from time to time as to the conduct of such investigation or inquiry, (iii) provide the other party with copies of all correspondence with such taxing authority or any representative thereof pertaining to such investigation or inquiry, and (iv) arrange for a representative of the other party to be present at

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all meetings with such taxing authority or any representative thereof pertaining to such investigation or inquiry.

SECTION 4.02. Contests. (a) Provided that (i) the Indemnifying Party shall furnish the Indemnified Party with evidence reasonably satisfactory to the Indemnified Party of its ability to pay the full amount of the Indemnified Liability and (ii) the Indemnifying Party acknowledges in writing that the asserted liability is an Indemnified Liability, the Indemnifying Party shall assume and direct the defense or settlement of any hearing, arbitration, suit or other proceeding (each a "Proceeding") commenced, filed or otherwise initiated or convened to investigate or resolve the existence and extent of such liability.

(b) If the Indemnified Liability is grouped with other unrelated asserted liabilities or issues in the Proceeding, the parties shall use their respective best efforts to cause the Indemnified Liability to be the subject of a separate proceeding. If such severance is not possible, the Indemnifying Party shall assume and direct and be responsible only for the matters relating to the Indemnified Liability.

(c) If at any time during a Proceeding controlled by the Indemnifying Party pursuant to Section 4.02(a) the Indemnifying Party fails to provide evidence reasonably satisfactory to the Indemnified Party of its ability to pay the full amount of the Indemnified Liability or the Indemnified Party reasonably determines, after due investigation, that the Indemnifying Party could not pay the full amount of the Indemnified Liability, then the Indemnified Party may assume control of the Proceedings upon seven (7) days written notice.

(d) The Indemnifying Party shall pay all out-of-pocket expenses and other costs related to the Indemnified Liability, including but not limited to fees for attorneys, accountants, expert witnesses or other consultants retained by the Indemnifying Party and/or the Indemnified Party, other than fees for attorneys, accountants, expert witnesses or other consultants retained solely by the Indemnified Party and incurred at any time during which the Indemnifying Party is controlling and directing the Proceeding in respect of which such fees are incurred. To the extent that any such expenses and other costs have been or are paid by an Indemnified Party, the Indemnifying Party shall promptly reimburse the Indemnified Party therefor.

(e) The Indemnifying Party shall not pay (unless otherwise required by a proper notice of levy and after prompt notification to the Indemnified Party of receipt of notice and demand for payment), settle, compromise or conceded any portion of the Indemnified Liability without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. The Indemnifying Party shall, on a timely basis, keep the Indemnified Party informed of all developments in the Proceeding and provide the Indemnified Party with copies of all pleadings, briefs, orders, and other written papers.

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(f) Any Proceeding which is not controlled or which is no longer controlled by the Indemnifying Party pursuant to Section 4.02 shall be controlled and directed exclusively by the Indemnified Party, and any related out-of-pocket expenses and other costs incurred by the Indemnified Party, including but not limited to, fees for attorneys, accountants, expert witnesses or other consultants, shall be reimbursed by the Indemnifying Party. The Indemnified Party will not be required to pursue the claim in the federal district court, Court of Claims or any state court if as a prerequisite to such Court's jurisdiction, the Indemnified Party is required to pay the asserted liability unless the funds necessary to invoke such jurisdiction are provided by the Indemnifying Party.

SECTION 4.03. Time and Manner of Payment. The Indemnifying Party shall pay to the Indemnified Party the amount of the Indemnified Liability and any expenses or other costs indemnified against (less any amount paid directly by the Indemnifying Party to the taxing authority) no less than (7) business days prior to the date payment of the Indemnified Liability is to be made by any party to the taxing authority. Such payment shall be paid by wire transfer of immediately available funds to an account designated by the Indemnified Party by written notice to the Indemnifying Party prior to the due date of such payment. If the Indemnifying Party delays making payment beyond the due date hereunder, such party shall pay interest on the amount unpaid at the IRS Penalty Rate for each day and the actual number of days for which any amount due hereunder is unpaid.

SECTION 4.04. Refunds. In connection with this Agreement, should an Indemnified Party receive a refund in respect of amounts paid by an Indemnifying Party to any taxing authority on its behalf, or should any such amounts that would otherwise be refundable to the Indemnifying Party be applied by the taxing authority to obligations of the Indemnified Party unrelated to an Indemnified Liability, then such Indemnified Party shall, promptly following receipt (or notification of credit), remit such refund and any related interest to the Indemnifying Party.

SECTION 4.05. Cooperation. The parties shall cooperate with one another in a timely manner in any administrative or judicial proceeding involving any matter that may result in an Indemnified Liability.

ARTICLE 5: General Provisions

SECTION 5.01. Notices. All notices, requests, claims and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.01) listed below:

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To Corning:
One Riverfront Plaza
Corning, New York 14831
Telecopy:
Attn: General Counsel

To Covance:
Carnegie Center
Princeton, New Jersey 08540-6233
Telecopy:
Attn: General Counsel

SECTION 5.02. Miscellaneous. This Agreement, including the attachments, shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof and thereof. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the parties or (b) by a waiver in accordance with Section 5.03. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective subsidiaries, and nothing herein, express or implied, is intended to or shall confer upon any third parties any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 5.03. Waiver. The parties to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party or parties, (b) waive any inaccuracies in the representations and warranties of the other party or parties contained herein or in any document delivered by the other party or parties pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party or parties contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

SECTION 5.04. Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns. Notwithstanding the previous sentence, Covance shall not assign this Agreement or any rights, interests or obligations hereunder, or delegate performance of any of its obligations hereunder, without the consent of Corning.

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SECTION 5.05. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

SECTION 5.06. Governing Law and Severability. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CORNING INCORPORATED	COVANCE INC.
By___________________________________	By___________________________________
Name:	Name:
Title:	Title:

EXECUTION VERSION

ANNEX A
DEFINITIONS

"Affiliate" shall mean, when used with respect to a specified Person, another

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Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person.

"Affiliated Person" shall have the meaning ascribed to such term in the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

"Associated Person" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Beneficial Ownership" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"CCL Common Stock" shall mean the common stock, $0.50 par value with attached Preferred Stock Purchase Rights of CCL.

"CCL Distribution" shall mean the distribution by Corning to the Corning shareholders of the CCL Common Stock.

"CCL Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which CCL (or any successor thereto) is the common parent, excluding Covance and the other members of the Covance Group.

"CCL Rights Plan" shall mean the Preferred Share Purchase Rights Plan of CCL as governed by the Rights Agreement, dated as of December 30, 1996, between CCL and Harris Trust and Savings Bank, as Rights Agent.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any comparable successor legislation.

"Corning Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Corning (or any successor thereto) is the common parent, excluding for tax periods of the Corning Group commencing subsequent to the Distribution Date, CCL and the other members of the CCL Group and Covance and other members of the Covance Group.

"Covance Common Stock" shall mean the common stock, $0.01 par value with attached Preferred Stock Purchase Rights of Covance.

"Covance Distribution" shall mean the distribution by CCL to the CCL shareholders of the Covance Common Stock.

"Covance Group" shall mean the affiliated group of corporations as defined in Section 1504(a) of the Code of which Covance (or any successor thereto) is the common parent.

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"Covance Rights Plan" shall mean the Preferred Share Purchase Rights Plan of Covance as governed by the Rights Agreement, dated as of December 31, 1996, between Covance and Harris Trust and Savings Bank, as Rights Agent.

"Distributions" shall mean the each of the CCL Distribution and the Covance Distribution, including any transfers relating to the CCL Distribution or the Covance Distribution.

"Distribution Date" shall mean such date as has been or hereafter will be determined by Corning's Board of Directors as the date as of which the Distributions shall be effected.

"Gross Assets" shall mean, when used with respect to a specified Person, the fair market value of such Person's assets unencumbered by any liabilities.

"Group" shall have the meaning ascribed to such term in the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder

"IRS" shall mean the U.S. Internal Revenue Service.

"IRS Penalty Rate" shall mean the rate of interest imposed from time to time on underpayments of income tax pursuant to Code section 6621.

"IRS Ruling" shall mean the private letter ruling (together with any supplements) issued by the IRS in respect of the Ruling Request.

"Opinion of Counsel" shall mean an opinion of independent tax counsel of recognized national standing and experienced in the issues to be addressed and otherwise reasonably acceptable to Corning, which sets forth an Unqualified Tax Opinion in form and substance satisfactory to Corning. In no event shall Corning be required to conclude that an opinion is satisfactory if there is any risk, however remote, that the transaction which is the subject of the opinion will cause either of the Distributions to be taxable to any extent under the Code.

"Other Transactions" shall mean the transactions related to the Distributions and described in Parts I through IV of the Ruling Request.

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Restricted Period" shall mean the two year period following the Distribution Date.

"Ruling Period" shall mean the period commencing on the Distribution Date and ending on the later of (i) the third anniversary of the close of the taxable year of Corning in which the Distributions occur, and (ii) the first anniversary of the date on which there shall have expired all statutes of limitations in

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respect of taxable periods for which Taxes might be imposed or otherwise assessed in respect of the Distributions and the Other Transactions.

"Ruling Request" shall mean the request for rulings, as amended and supplemented, under Section 355 of the Code, as filed on behalf of Corning on June 17, 1996, in respect of the Distributions.

"Taxes" shall mean all federal, state, local and foreign gross or net income, gross receipts, withholding, franchise, transfer, estimated or other taxes or similar charges and assessments, including all interest, penalties and additions imposed with respect to such amounts.

"Unqualified Tax Opinion" shall mean (a) an unqualified "will" opinion of tax counsel to the effect that a transaction does not disqualify either of the Distributions from qualifying for tax-free treatment for the shareholders of Corning and CCL and any member of the Corning Group and the CCL Group under Code section 355 and any other applicable sections of the Code, assuming that the Distributions would have qualified for tax-free treatment if such transaction did not occur. An Unqualified Tax Opinion may rely upon, and assume the accuracy of, any representations contained in any application for a letter ruling from the IRS, and any representations contained in an officer's certificate delivered by an officer of Corning, CCL or Covance to such counsel.

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